





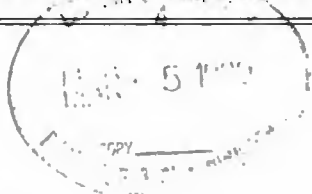




*United States Congress, House, Committee on the Judiciary, Subcommittee on Crime*

# EFFORTS OF THE U.S. GOVERNMENT TO REDUCE THE FLOW OF ILLEGAL DRUGS INTO THE UNITED STATES FROM FOREIGN COUNTRIES

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## HEARING

BEFORE THE  
SUBCOMMITTEE ON CRIME  
OF THE  
COMMITTEE ON THE JUDICIARY  
HOUSE OF REPRESENTATIVES

ONE HUNDRED FIRST CONGRESS

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# **EFFORTS OF THE U.S. GOVERNMENT TO REDUCE THE FLOW OF ILLEGAL DRUGS INTO THE UNITED STATES FROM FOREIGN COUN- TRIES**

**WEDNESDAY, APRIL 12, 1989**

**SUBCOMMITTEE ON CRIME,  
COMMITTEE ON THE JUDICIARY,  
*Washington, DC.***

The subcommittee met, pursuant to notice, at 10:30 a.m., in room 2237, Rayburn House Office Building, Hon. William J. Hughes (chairman of the subcommittee) presiding.

Present: Representatives William J. Hughes, Don Edwards, Romano L. Mazzoli, Edward F. Feighan, Lawrence J. Smith, Rick Boucher, Bill McCollum, Larkin I. Smith, and Michael DeWine.

Also present: Hayden Gregory, counsel; Phyllis Henderson, clerk; Paul McNulty, minority counsel; and Charles Gilmore, intern.

## **OPENING STATEMENT OF CHAIRMAN HUGHES**

Mr. HUGHES. The Subcommittee on Crime will come to order. The Chair has received a request to cover this hearing in whole or in part by television broadcast, radio broadcast, still photography or by other similar means. In accordance with committee rule 5(a), permission will be granted unless there is an objection. Is there any objection?

[No response.]

Mr. HUGHES. Hearing none, it is so ordered. Good morning. Our hearing today will address two subjects. One is the combined efforts of agencies of the U.S. Government to reduce the flow of illegal drugs into the United States by working cooperatively with our counterparts in foreign countries.

We frequently take note of the fact that all heroin, all cocaine and most of the marijuana consumed in this country, is produced and imported from abroad. We frequently note this fact, but I'm not sure that we act upon it sufficiently.

The proportion of our resources, human and financial, which we devote to efforts in source for transshipment countries is minuscule compared to that which we put into domestic enforcement and to attempts to interdict illegal drugs as they cross our borders by land, sea and air.

On this matter of our overseas efforts, we will be hearing reports from the Drug Enforcement Administration, the Federal Bureau of

Investigation and from the State Department's Bureau of International Narcotics Matters.

At a later date, we expect to hear from other agencies including the Department of Defense and the U.S. Customs Service.

We also invited William Bennett, the Director of the Office of National Drug Policy, to join us here today to share with us his plans and views regarding our Nation's drug policies in the international arena.

I must say I'm very, very disappointed. Mr. Bennett obviously can't find the time to come in to share his views with this authorizing subcommittee, the subcommittee that wrote the so-called drug legislation. We are interested in his views and his perceptions as to what his mission is.

It would appear, I'm sorry to say, as if he's become supercop in this country. That was never the intent of the Congress to create that.

I just hope that he can find time in his busy schedule—I know it's very busy—to join with us and share with us his views so we can exchange views on what was intended by the Congress when we wrote the legislation.

In the course of looking at our total overseas effort, I hope today that we can examine a particular detail, DEA's South American program known as Operation Snowcap. In that program, DEA is rotating scores of agents into and out of South America, primarily Peru and Bolivia for 3 or 4 months at a time.

There they work in training and providing law enforcement leadership for their host country counterparts and drug enforcement efforts.

The primary focus is on taking out the various stages of production and distribution of drugs in the source country, including the destruction of jungle laboratories, the arrest of traffickers and the seizure of essential and precursor chemicals in cocaine and its various stages of processing.

The program has had some notable successes, but it is not without risk both to our personnel involved and to our overall drug enforcement and foreign policy objectives. As a result of some of these concerns, the program has been put on hold in Peru.

We'll be exploring progress in the program and concerns it has raised here today. I might say that I visited Peru and Bolivia just about a month ago to look at Operation Snowcap and it raises a number of concerns that I hope we can get into today, both with the Department of State as well as with the Drug Enforcement Administration.

The second major component of our hearing today will be a report from Jack Lawn on the administration's budget request for fiscal year 1990 and consideration of the impact of that request on the major programs of DEA for which this committee has oversight responsibility and authorization authority.

At this point, I'd like to recognize the acting ranking minority member, Mr. Larkin Smith of Mississippi. Mr. Smith.

Mr. SMITH of Mississippi. Thank you, Mr. Chairman. Briefly, I would just like to commend the chairman for calling the hearing this morning. I look forward to hearing from Mr. Lawn, Mr. Dan-

iels and Ms. Wroblewski to see exactly what we can do to assist them in the drug war.

I would also like to just briefly say that, not in defense but just to make a note, Mr. Bennett in the last 2 weeks has had some 15 requests to appear before committees. I, too, would have liked to talk to him today, but I hope he's getting on about the task of doing something about the drug problem in Washington and across this country.

I hope at some point we do have the opportunity to talk with him. Thank you, Mr. Chairman.

Mr. HUGHES. I thank the gentleman for that. I say to my colleague from Mississippi, Mr. Bennett is testifying today before the Appropriations Committee. That's important, but this is the committee that wrote his charter.

I might say to my colleague that I've had a hard time getting a meeting with him, let alone a hearing. I hear you, but I'm not so sure I understand totally his inability to meet with us and discuss what I consider to be a very important matter.

In any event, I want to ask our witnesses today if perhaps they would want to come forward and we'll take you as a panel instead of individually. That might just save some time. Why don't you come forward at this point.

Our first witness this morning is Jack C. Lawn. He serves as Administrator of the Drug Enforcement Administration of the U.S. Department of Justice. Mr. Lawn was appointed to his present position by President Reagan on April 15, 1985.

He was a special agent of the FBI for over 15 years and occupied such positions as special agent in charge of the San Antonio, TX, office, FBI field office and other supervisory positions within the Criminal Investigative Division of the FBI. Mr. Lawn is by no means a stranger to this subcommittee and we take this opportunity to welcome him once again.

Our next witness is Anthony Daniels. Mr. Daniels entered duty with the FBI as a special agent in November 1967 and following a period of training, was assigned to the Jackson, MS, FBI office. In February 1969, he was transferred to the Newark, NJ, office where he remained until June 1975, when he was ordered to FBI headquarters in Washington, DC, to assume supervisory duties in the Criminal Investigative Division.

He was assigned supervisory positions in the Tampa, FL, office in June 1977. In May 1980, Mr. Daniels was designated to serve as the assistant special agent in charge of the Pittsburgh, PA, office of the FBI.

In December 1983, Mr. Daniels was named special agent in charge of the Oklahoma City, OK, FBI office. In September 1985, he was designated Inspector Deputy Assistant Director of the Criminal Investigative Division at FBI headquarters.

As of April 3 of this year, he has been named Acting Assistant Director of the Criminal Investigative Division, FBI headquarters. Welcome, Mr. Daniels.

Mr. DANIELS. Thank you, sir.

Mr. HUGHES. Our final but certainly not our least of witnesses for today is Ms. Ann Wroblewski. Ms. Wroblewski was sworn in as As-

sistant Secretary of State for International Narcotics Matters [INM] in September 1986.

Before serving as Acting Assistant Secretary for INM, she served as Deputy Assistant Secretary. In these positions, she traveled extensively throughout South America, Latin America, Southwest and Southeast Asia and Europe.

In February 1987, she was designated by the President to be the U.S. representative on the Commission for Narcotic Drugs, the Economic Social Council of the United Nations.

In June of that same year, she was accorded personal rank of Ambassador by the President in her capacity as U.S. ranking delegate, the United Nations International Conference on Drug Abuse and Illicit Trafficking in Vienna, Austria.

Ms. Wroblewski, on behalf of the members of the Subcommittee on Crime, we welcome you here today.

I might say we have your statements which we have read. They are lengthy and we hope you can summarize so we can get right to the heart of the questions that might concern us.

Why don't we begin with you, Jack?

**STATEMENT OF JOHN C. LAWN, ADMINISTRATOR, DRUG ENFORCEMENT ADMINISTRATION, ACCOMPANIED BY GENE R. HAISLIP, DEPUTY ASSISTANT ADMINISTRATOR, OFFICE OF DIVERSION CONTROL**

Mr. LAWN. Thank you very much, Mr. Chairman and members of the subcommittee. As you are aware, drug abuse, drug trafficking, and drug related crime touch us all. The magnitude of this problem has strengthened our national commitment to reduce the supply of and the demand for illicit drugs.

This is evident most recently by the enactment of the Anti-Drug Act of 1988. I would like to thank the chairman of this subcommittee and the Congress for the many initiatives contained in that legislation which will be most helpful in this matter we face.

I must emphasize, however, that although enhanced authority is very helpful in the drug control effort, an enhancement of resources is equally important if we are to accomplish our mission.

We have opportunities that could result in significant advances in our antidrug efforts; however, we need the additional resources to take advantage of these opportunities. Mr. Chairman, in light of your comments about the length of the procedure and the number of witnesses, I will conclude with that. I'm anxious to answer any questions.

Mr. HUGHES. Jack, I said short, but I must say a lawyer couldn't get warmed up in that period of time.

Mr. LAWN. I must keep the subcommittee off balance, Mr. Chairman.

[The prepared statement of the Mr. Lawn follows:]

PREPARED STATEMENT OF JOHN C. LAWN, ADMINISTRATOR, DRUG ENFORCEMENT  
ADMINISTRATION

Chairman Hughes and Members of the Subcommittee on Crime of the House Judiciary Committee: I am pleased to appear before you today in support of the Drug Enforcement Administration's budget request for fiscal year 1990.

As you are aware, drug abuse, drug trafficking, and drug-related crime touch us all. The magnitude of this problem has strengthened our national commitment to reduce the supply of, and demand for, illicit drugs. This is evidenced most recently by the enactment of the Anti-Drug Abuse Act of 1988. I would like to thank the Congress for the many initiatives contained in this legislation that will further foster our efforts.

I must emphasize, however, that although enhanced authority will be very helpful in the drug control effort, an enhancement of resources is equally important if we are to accomplish our mission. We have opportunities that could result in significant advances in our anti-drug efforts; however, we need the additional resources to take advantage of these opportunities. We must show that we expect no more of other nations than we do of ourselves in our efforts to reduce the worldwide drug problem.

Therefore, I hope you will keep the resource issue at the forefront of your legislative agenda for 1990 and, at the same time, will consider the strategy for achieving our mission as outlined in the President's budget currently before Congress.

In total, DEA's 1990 budget requests 5,409 positions (of which 2,513 are special agents), 5,124 workyears, and \$551.2 million in order to carry out its drug law enforcement responsibilities. This request includes program enhancements of 334 position (164 special agents), 167 workyears, and \$68.7 million.

However, in comparing the 1990 budget request to the 1989 enacted level, the net result is a reduction of 487 positions and 537 workyears, and an increase of only \$16.7 million. These reductions result from the transfer of all Organized Crime Drug Enforcement resources to the Department of Justice "Organized Crime Drug Enforcement" appropriation, as well as reductions for the transfer of DEA's audit functions to the Office of Inspector General, and decreases for management and productivity improvements required by DMB's A-76 program. Because the majority of the reduction is associated with the Organized Crime Drug Enforcement Task Force program and will be returned to DEA on a reimbursable basis, no reduction in investigative activity will result.

DEA's enhancement request centers around four major funding initiatives, derived from our 1990 strategic plan. The first is to expand and formalize DEA's foreign drug suppression programs. DEA requests 157 positions, 78 workyears, and \$23.8 million to staff foreign special enforcement operation such as Operation SNDWCAP (which I will describe later) and to expand DEA's



overseas presence in five countries through the Foreign Cooperative Investigations Program. This request includes the \$5 million enhancement to DEA's foreign program that was announced by President Bush in his budget amendment package.

The majority of DEA's operational initiatives overseas are implemented on a temporary duty basis through special enforcement operations. In the past, agents have been diverted from regular domestic operations to staff foreign special enforcement operations, creating a strain on the capabilities of domestic offices. This request will alleviate the strain on the domestic enforcement program. In addition, by expanding DEA's overseas offices, DEA will also lay the foundation for future operations.

The second initiative is to formalize a national narcotics intelligence system. DEA requests 97 positions, 49 workyears, and \$7.4 million to provide a comprehensive enhancement to DEA's intelligence program.

This request seeks to improve our intelligence capabilities to enable us to respond to strategic intelligence requirements emanating from DEA's designation as the lead agency for drug intelligence. Such strategic intelligence requirements include comprehensive data on drug trafficking and production (both domestically and abroad) and on drug consumption. The request also will enable us to provide adequate financial and operational intelligence to support DEA's current investigative workforce.

With these improved intelligence capabilities, OEA will be able to assist federal policy makers in determining the most effective allocation of scarce resources, and to help investigators in maximizing the full potential of criminal cases.

The third initiative is to immobilize major traffickers and their trafficking organizations by enhancing OEA's domestic operations in major trafficking areas. This initiative contains 72 positions, 36 workyears, and \$15.7 million to improve OEA's specialized programs aimed at immobilizing the most significant drug trafficking organizations. Resources requested for specialized programs include 27 positions and \$4.2 million for DEA's State and Local Task Force program, 25 positions and \$2.5 million for OEA's asset removal teams, and \$600,000 for domestic clandestine laboratory initiatives.

Also included in this initiative is funding to enhance the investigative support operations that impact on the safety, effectiveness, and efficiency of all of OEA's activities. These enhancements include \$975,000 for firearms equipment, \$4 million for increased in-service, international, and state and local training, additional chemist support, and replacement laboratory equipment.

The fourth and final initiative is to expand OEA's support services in key areas of shortage. This initiative will provide eight positions, four workyears, and \$21.9 million for improved

information services, necessary laboratory expansion, statistics programs, and DEA's health program. As you know, the magnitude of the nation's drug problem has led to significant resource increases for DEA over the past several years. However, not all support programs have received sufficient increases to allow them to keep pace with the requirements for services. This request seeks to address the resulting shortages in key areas of need.

Although we do not assume that investments in DEA alone will solve the problems of drug trafficking and abuse, DEA has a leadership role in the overall federal drug strategy. Investigative efforts by DEA have resulted in dramatic increases in arrests, drug seizures, and asset seizures and forfeitures. DEA arrested a record 23,972 individuals in 1988. Of these, 17,026 were arrested in major cases -- Class I and Class II.

Between 1987 and 1988, cocaine removals increased 49 percent and heroin removals increased 108 percent. We are focusing more attention on the domestic production of illicit drugs, primarily methamphetamine production; this resulted in an increase in clandestine laboratory seizures, from 682 in 1987 to 810 in 1988. And finally, DEA's heightened focus on financial investigations resulted in asset seizures in 1988 valued in excess of \$657 million, more than \$150 million above DEA's 1988 appropriation. DEA was the originating investigative agency for \$78.6 million in cash and property shared in 1988 with state and local governments. By any measure of productivity, DEA's

accomplishments have been highly significant.

The resources in this request will result in increased statistical accomplishments. But DEA's activities cannot be measured by statistics alone.

For instance, the year 1988 was a landmark year in terms of international narcotics achievements. The hallmark of the international drug law enforcement effort was the simultaneous operations that emerged out of the Sixth International Drug Enforcement Conference (IDEC) held in Guatemala last year.

These joint operations, collectively called the IDEC Initiative, occurred between August 1 and August 28, 1988. They were a great success. These simultaneous narcotics enforcement efforts were fully coordinated among 30 nations throughout the Americas, Europe, and Africa.

Joint law enforcement initiatives, intensified border searches, tracking and seizure of essential chemicals, immobilization of clandestine laboratories, tightened checkpoints at airports and on rivers and highways, with a special emphasis on currency smuggling, all combined to produce results that totally validated this major first step in developing and implementing a concerted regional strategy.

Merely organizing and mounting such a cooperative endeavor

would have been a major achievement. However, we actually attained our operational goals, and the enforcement results were most impressive.

Seizures made as part of the IDEC Initiative included approximately 8,600 kilograms of cocaine hydrochloride (HCl); over 2,700 kilograms of cocaine base; 300 kilograms of liquid cocaine and 30 kilograms of crack cocaine; 222,500 kilograms of marijuana; 100 kilograms of hashish; and 165 gallons of hashish oil. Destruction and eradication actions included about 252,740 coca plants; 1,200 kilograms of coca leaf; 400 hectares of coca; 10 cocaine HCl laboratories; 16 cocaine base laboratories; 3.4 million cannabis plants; 3.1 million opium poppy plants; and more than 20,000 gallons of essential chemicals.

Seizures of assets during the IOEC Initiative included nearly \$4 million in currency, \$1 million in real property, three residences valued at a total of more than \$9 million, and \$50,000 in gold. Equipment seizures included 114 weapons, 110 vehicles, 2 boats, 2 yachts, 4 aircraft, and 3 cargo vessels.

There were also over 1,200 arrests made during the IDEC Initiative.

The greatest import of the IOEC Initiative lies in its makeup and its methods -- the identification and recognition of a common concern, and the mounting of mutual action.

Since 1987, DEA has been involved in another mutual action initiative -- Operation Snowcap. Operation Snowcap is a three-year multifaceted campaign created to significantly reduce the supply of illicit cocaine reaching the United States from Latin America. It was implemented in April 1987 as a comprehensive international cocaine suppression strategy developed by DEA and the Department of State's Bureau of International Narcotics Matters (INM), and it has been closely coordinated with appropriate U.S. agencies.

At present, Snowcap operations are being coordinated with law enforcement officials in 12 Latin American countries.

It is important to note that Operation Snowcap is a law enforcement effort, conducted by the law enforcement officials of the various host governments. DEA personnel act as advisors, and INM provides support and U.S. mission coordination with the host government. Other U.S. agencies also participate. The U.S. Coast Guard and the U.S. Border Patrol act as advisors for riverine operations. The Department of Defense provides training and logistical support.

Snowcap statistics indicate both the tremendous production capabilities and the critical need for effective enforcement in the area. For example, in the first two years of the operation, there were 30 HCl laboratories destroyed in Bolivia, 83 base laboratories destroyed in Peru, and 127 HCl laboratories seized



in Colombia. In the various countries, 1.2 million gallons of chemicals were seized.

Operation Snowcap is not an exercise to accumulate impressive statistics; much more importantly, it is an operation to reinforce the resources, resolve, and confidence of source law enforcement agencies to attack cocaine at the narrowest point in the supply chain and to eliminate significant processing capabilities.

DEA has also initiated two Special Enforcement Operations (SEO's) to target the cartels based in Medellin, Colombia and Cali, Colombia. (The controlling members of these two cartels monopolize the cocaine business throughout the world.) Operation Bolivar targets the Medellin Cartel and Operation Calico targets the Cali Cartel. These SEO's are tasked with initiating and coordinating all DEA investigations, both foreign and domestic, involving the cartels' cocaine and money laundering activities.

The SEO's use a cadre of informants to supply information concerning cartel members operating at all levels in South America, Europe, and the United States. In foreign situations, DEA relies upon a close working relationship with the host country government to pursue drug law enforcement activities. These efforts have recently proven extremely successful, particularly in Colombia.

As of March 1, 1989, SEO Bolivar, which coordinates 150 active cases, has been responsible for the seizure of 35,924 kilograms of cocaine hydrochloride, 6,373 kilograms of cocaine base, 6,818 kilograms of coca leaves, as well as 12,258 kilograms of marijuana. Also seized were 496,440 gallons of precursor chemicals and \$3.8 million in U.S. currency. Additionally, there have been 519 arrests as a result of Operation Bolivar.

As of March 1, 1989, SEO Calico, which coordinates 121 active cases, has been responsible for the seizure of 27,885 kilograms of cocaine hydrochloride and 1,337 kilograms of cocaine base. Also seized were \$54.1 million in U.S. currency and property valued at \$7.5 million. Additionally, there have been 286 arrests as a result of Operation Calico.

In targeting the Medellin and Cali Cartels, DEA is working closely with the Federal Bureau of Investigation. Two FBI special agents have been assigned to DEA Headquarters to work jointly with OEA on SEO Bolivar and SEO Calico.

DEA also has a Special Field Intelligence Program (SFIP) to assist both domestic and foreign OEA field offices in collecting intelligence and in targeting potential shifts in drug production and trafficking. In FY 88, there were 60 SFIP's. Thirty-three of the SFIP's were managed by OEA country offices and 27 SFIP's were managed by OEA Headquarters or our domestic field offices.

During FY 88, a significant number of confidential informants were developed and used in sensitive drug intelligence collection efforts. The information they provided to headquarters and field offices assisted in drug investigations. More than 200 criminal investigations were initiated as a result of the SFIP program. These investigations led to the arrest of more than 50 persons including 15 Class I, 28 Class II, 85 Class III, and 47 Class IV defendants.

As a result of the FY 88 SFIP program, DEA special agents and other U.S. and foreign law enforcement authorities made numerous asset seizures, including approximately \$1,700,000 in cash, and property worth more than \$13 million. Seizures of property included chemicals, clandestine laboratories, refineries, weapons, ammunition, military hardware, vehicles, and boats.

#### South America

At this time, I would like to give you a status report on the drug situation in several countries in South America, as well as detail the cooperative narcotics enforcement efforts of the Drug Enforcement Administration in this region of the world.

Joint Government of Peru/DEA enforcement operations began in mid-July 1987 in a relatively small area of the Upper Huallaga Valley. The major objective of these operations has been to immobilize and disrupt the flow of cocaine products from the

Upper Huallaga Valley, which is not only the principal area in Peru of illicit coca cultivation, but also of coca paste and cocaine base production.

Seizure results were substantial for 1988: 1,800 metric tons of coca leaf were seized (figure includes eradication amounts), as well as several metric tons of essential chemicals for the production of coca paste and cocaine base. Additionally, almost 17,000 gallons of liquid solution in process to produce coca paste were seized, as were almost 2 metric tons of completely processed coca paste. In 1988, 75 sophisticated cocaine base laboratories were confiscated. And, cocaine products seizures amounted to 8.2 metric tons.

Colombia, despite the in-country efforts against drug traffickers, continues to be the world's largest producer of cocaine HCl, and is a major supplier of marijuana to the United States. Opium poppy cultivation has also been found on a very limited scale in Colombia, and a laboratory, at which pharmaceutical morphine was found, was seized in Bogota in mid-1988. To date no evidence exists that Colombia will become a major producer of morphine or heroin.

The Colombian cannabis eradication program continues to be effective in the traditional cannabis growing areas in northern Colombia. According to reports, virtually all the cannabis crop in that area was sprayed. Indications are, however, that

cultivation has shifted to previously identified secondary growing areas where spraying has not yet begun. By late 1988, the National Police were beginning manual eradication operations in these areas, too. A ground operation in the Cauca Department in southwestern Colombia resulted in the manual eradication of about 900 hectares of the fall crop and the seizure of 215 metric tons of bulk marijuana. A total of 923 metric tons of harvested marijuana was seized by the Colombian police and military units in 1988.

Coca cultivation in Colombia is estimated to be 27,230 hectares, as opposed to 25,000 hectares in 1987. In 1988, a total of 230 hectares of coca were destroyed, compared to 460 hectares in 1987. Most of the eradication was done in conjunction with other enforcement activities; there was only one targeted coca eradication operation in 1988.

Coca eradication is manually done in Colombia and is not a priority issue with the Colombians at this time, principally because most of the coca cultivations are located in areas controlled by insurgents. No large-scale coca eradication campaign is likely to begin until the Colombian government authorizes aerial spraying of coca. The Colombian government has not yet approved any herbicide as safe and effective for use against coca, and no herbicides are being used or tested against coca in Colombia.

The Colombian National Police and the military, in spite of being out-manned and out-equipped by the traffickers, had outstanding successes against cocaine processing facilities in 1988. The Colombian National Police's Anti-Narcotics Unit seized over 14 metric tons of cocaine HCl and base, and coupled with the military, confiscated almost 23 metric tons of cocaine -- the highest seizure total since 1984. A total of 831 paste, base, and cocaine HCl laboratories, including massive complexes in the Magdalena Medio, Guaviare, and Vichada, were destroyed. Large amounts of essential chemicals were also destroyed in these raids, including 271,000 gallons of ether and 287,000 gallons of acetone.

From January 28 to February 4, 1989, the Colombian National Police seized and destroyed 25 base and cocaine HCl laboratories. The solvents seized from these 25 laboratories would have manufactured approximately 88 metric tons of cocaine HCl.

Since the Colombian Supreme Court ruled unconstitutional the enabling legislation to make the extradition treaty with the United States effective, there has been limited progress made against major traffickers. The Colombian military and police units are attempting to maintain pressure on the major traffickers and their organizations through a series of raids, searches, and roadblocks. The Government of Colombia is continuing its attempt to break up the cocaine cartels. A primary reason for the inability of the Government of Colombia to



prosecute, and for the impediment to the effective functioning of the judiciary, is the violence which has led to the death of many in the justice system, and the intimidation of countless others.

Bolivia, second only to Peru, is a primary source of coca leaf for the illicit international cocaine market. The majority of Bolivian-grown coca is smuggled to Colombia in the form of coca paste and cocaine base for final processing into cocaine HCl. Since the mid-1980's, enforcement activity and intelligence reporting have revealed that Bolivia is processing cocaine HCl for further distribution.

The Government of Bolivia eradicated approximately 1,500 hectares of coca in 1988. In July 1988, Bolivia passed a 155-article comprehensive narcotics law, Law 1008, which for the first time in Bolivia's history declared coca cultivation illegal for most of the country. The new law also provided for jail penalties ranging from 4 to 25 years for drug traffickers, confiscation of land where illicit cultivation and cocaine processing take place, and seizure of assets used in the cultivation, processing, and trafficking of controlled substances.

In Bolivia, OEA's joint enforcement operations with the Bolivian Narcotics Police have been encouraging. Cooperative investigative efforts late last year resulted in the arrest and imprisonment of Bolivia's foremost cocaine trafficker, Roberto

Suarez-Gomez, and other major violators.

During late 1988 and continuing into 1989, a Bolivian operation using DEA-provided intelligence targeted Bolivian private aircraft involved in cocaine trafficking. The operation has resulted in the seizure of 12 planes. Some of these seized aircraft are now being used to support the Bolivian anti-narcotics program.

Field operations in Bolivia during 1988 resulted in the seizure of more than 9.5 metric tons of coca paste and cocaine base, the destruction of 24 cocaine HCl and 21 cocaine base laboratories and the seizure of 10 additional aircraft.

On February 3, 1989, General Andres Rodriguez Pedotti became the provisional president of Paraguay after leading a successful coup to overthrow the nearly 35-year-long dictatorship of General Alfredo Stroessner. It is hoped that future relations with General Rodriguez will be productive.

Official government recognition of the drug problem in Paraguay is producing expanded and strengthened efforts directed at both domestic use concerns and supply/transit activities that contribute to international trafficking. DEA reopened a one-agent office at the American Embassy in Asuncion in March 1988. A second agent reported in early 1989.

The Paraguayan Narcotics Police (DINAR) is providing significant support and assistance to local police agencies. In May, a single joint DINAR/DEA operation, supported by funding from the Bureau of International Narcotics Matters of the U.S. State Department, eradicated approximately 25 hectares of cannabis and seized over 2,800 kilograms. DINAR units manually eradicated approximately 62 hectares of cannabis in 1988. In total, over 27 metric tons of marijuana were seized last year.

Cannabis cultivated in Paraguay is exported to Brazil and Argentina. Some Bolivian-produced cocaine is reportedly transshipped through Paraguay to the European market. Since 1984, there has been one documented seizure of 34 kilograms of cocaine in the United States which originated in Paraguay.

Comprehensive anti-narcotics legislation was signed into law last November in Paraguay. It mandates prison sentences and requires the registration of pilots, airstrips, medical personnel, and pharmacies. The law also calls for the seizure of assets, as well as creates a national organization for drug prevention and rehabilitation.

Internal programs continue to be expanded by the Government of Paraguay to heighten domestic public awareness of drug issues, including prevention and law enforcement.

In Ecuador, Rodrigo Borja was elected president of the

country in 1988. His administration is fully behind the eradication of coca cultivation and the elimination of coca processing and trafficking. By late 1988, almost all known coca cultivation in Ecuador had been eradicated.

Ecuador is a transit country for large amounts of essential chemicals used in the processing of cocaine in other South American countries. Coca products from Colombia and Peru have moved through Ecuador en route to North America and Europe.

There are recent indications that increasing amounts of cocaine HCl are being processed in Ecuador with paste and base probably from Peru. In fact, last year four cocaine processing laboratories were seized in Ecuador, as well as two ether manufacturing laboratories. Of major significance in 1988 was the seizure worldwide of approximately six metric tons of cocaine HCl that originated in Ecuador.

Brazil's primary role in the illicit narcotics traffic is that of a transit country for drugs destined for the United States and Europe. Brazil is also a significant source country for acetone and ether, chemicals utilized in the processing of cocaine HCl. The Brazilian Federal Police seized over 12,300 liters of acetone and over 16,100 liters of ether in 1988.

Brazil participated in and conducted a wide variety of unilateral and multilateral drug enforcement operations against

marijuana and cocaine trafficking. The Government of Brazil has realized significant success in both its drug interdiction and eradication programs. Over 40 million cannabis plants and almost 8 million coca plants were eradicated in 1988. Also, more than 20 metric tons of marijuana and almost two metric tons of cocaine base and cocaine HCl were seized.

Venezuela's primary role in the international trafficking of narcotics is that of a transshipment point, primarily for cocaine, and, to a lesser extent, marijuana. Cocaine transiting Venezuela principally comes from Colombia, and is destined for the United States and Europe. Venezuela is not a significant source country for marijuana or cocaine, although there are cannabis and coca cultivations along the Colombian/Venezuelan border in the Perija Mountains. Rough terrain and weather conditions, however, have frustrated intelligence gathering efforts aimed at verifying the amount of cannabis as well as coca cultivated in this region.

#### Mexico and Canada

I would now like to address the drug situation of our neighbors to our immediate south and north -- Mexico and Canada.

Mexico continues to be a major source for heroin and marijuana available in the United States. In addition to the traditional brown heroin, Mexico also supplies the United States

with "black tar" heroin, so-called because of its dark color and gummy consistency. Of particular concern to the United States are the high purity levels of this black tar heroin.

The early 1988 drought conditions in Mexico were alleviated by later rains; neither the cannabis nor the opium poppy production was significantly affected.

During 1988, eight crude heroin laboratories were dismantled in Mexico, as compared to four laboratories the previous year. Mexican authorities reported that 71 kilograms of heroin were seized throughout Mexico in 1988, while 74 kilograms were seized in 1987. The Mexican Government eradicated over 2,700 hectares of opium poppy in 1988, versus over 2,200 hectares eradicated in 1987.

The Mexican Attorney General's office reported that 278 metric tons of marijuana were seized during calendar year 1988, a 30 percent decrease from the 395 metric tons seized in 1987. Mexican authorities reported the eradication of 3,997 hectares of cannabis in 1988, a seven percent increase over the amount eradicated in 1987.

Intelligence reporting also reflects the movement of some Colombian-produced marijuana through Mexico, by vessel primarily through the Yucatan Channel, and overland en route to the United States. In addition, 30 tons of Thai marijuana were seized last

August on the west coast of Mexico in the State of Jalisco. The marijuana shipment was reportedly en route to Seattle, Washington. While such a seizure of Thai marijuana in Mexico is unusual, it illustrates the use of Mexico as a conduit for various illicit drugs entering the United States.

A significant portion of the cocaine available in the United States transits Mexico. Both land vehicles and private aircraft are employed to transport this cocaine over the border from Mexico to the United States.

While the vast majority of the coca products smuggled into Mexico from South America is cocaine HCl, there are reports of cocaine base being shipped to Mexico for conversion in illicit laboratories within Mexico. Two cocaine laboratories were reportedly seized in Mexico in 1988. In April, a cocaine processing laboratory and 500 kilograms of cocaine were seized by Mexican authorities in the State of Guanajuato. In November, a non-operational cocaine laboratory was seized in Sonora.

Last November, the Mexican Army reported the seizure of almost five metric tons of cocaine which had been stored in a cave in the State of Chihuahua. For all of 1988, a total of 15.4 metric tons of cocaine were seized in Mexico, a 65 percent increase over the 9.3 metric tons seized in 1987.

Some Colombian cocaine trafficking organizations have aligned

themselves with Mexican traffickers to take advantage of the Mexican traffickers' heroin and marijuana smuggling and distribution networks already in place in the United States. In other instances, Colombian trafficking organizations operate independently in Mexico.

There has been considerable focus over the past several years on the Mexican narcotics production and trafficking situation. Newly elected President Salinas de Gortari has called the defeat of narcotics trafficking a national priority. A newly formed unit within the Mexican Attorney General's office has been tasked with conducting drug investigations throughout the republic.

Mexican courts have convicted Rafael Caro-Quintero (the drug kingpin charged with the torture-murder of Special Agent Enrique Camarena) along with 22 associates, in cases involving marijuana production and trafficking operations in Mexico. Caro-Quintero was sentenced to 34 years in prison without possibility of parole, and the Mexican authorities seized more than 20 of his properties worth more than \$4 million. Each of Caro-Quintero's associates, including Ernesto Fonseca-Carrillo, received sentences of more than 10 years as well.

Further activities continue regarding the Camarena murder case. The charges of kidnapping, torture, and murder against Caro-Quintero are pending adjudication in a separate court. Last May, the Mexican Federal Judicial Police (MFJP) re-arrested



former MFJP Commander Pavon-Reyes. The murder trial in Mexico is in the phase involving the collection of written evidence, and United States representatives have been shown the 15,500 pages of documents that have been presented to date. The Government of Mexico has also provided witnesses who were requested in the prosecution in Los Angeles of other defendants in the Camarena case.

In the Los Angeles prosecution, a federal jury last September convicted former Mexican police officer Raul Lopez Alvarez of six felony counts in connection with the Camarena murder. Lopez and Rene Verdugo Urquidez were each sentenced to 240 years plus life in prison. A third defendant, Jesus Felix-Gutierrez, at the time already serving a 15-year sentence, was given an additional 10 years.

Cannabis products, including hashish, are the most commonly used drugs in Canada. The availability of liquid hashish has also risen. Cannabis cultivation, some of which is hydroponic, is concentrated in British Columbia. The production of dangerous drugs occurs primarily in Ontario, Quebec, and British Columbia. Heroin used in Canada is primarily from Southeast Asia. Consistent with U.S. trends in recent years, the availability of cocaine has risen in Canada. Purity has increased, and the substance is increasingly available outside of major urban areas.

The United States and Canada are sometimes used as

transshipment points for drugs destined for the other country. Increasing amounts of hashish destined for Canada have transited the United States. Cocaine has increasingly crossed through the United States to Canada in recent years. There has been evidence that increasing quantities of heroin en route to the United States have been transshipped through Canada. The small amount of Mexican heroin that is used in Canada generally is transshipped through the United States.

In 1987, Canada launched a five-year National Drug Strategy for addressing its drug abuse problem. This comprehensive national strategy combines the anti-drug abuse efforts and resources of the federal government, all provincial and territorial governments, and addiction agencies throughout Canada. The strategy provides law enforcement agencies with the means to combat the distribution of illicit drugs -- supply reduction -- while addressing the root problems of substance abuse that lead to a demand for alcohol and other drugs -- demand reduction.

#### Central America and the Caribbean

DEA continues to work with Central American source and transit countries -- such as Guatemala, Belize, Honduras, and Panama. We are also working with nations in the Caribbean, including Jamaica, the Dominican Republic, Haiti, the Bahamas.

Guatemala produces opium gum and marijuana and acts as a transit country for Colombian cocaine destined for the United States.

In Guatemala, opium poppy and cannabis eradication efforts have been accomplished through both aerial and manual operations. DEA has initiated a program in Guatemala to monitor the movement of chemicals essential to the manufacture of heroin and cocaine. The first such program in Central America, this initiative is serving as a model for neighboring countries.

Aerial eradication of cannabis continues on a regular basis in Belize, where an estimated 528 hectares were destroyed in 1988. The aggressive eradication campaign has caused cultivators to react by camouflaging fields of the crop or in some instances relocating their operations to Guatemala. Belize is also used by traffickers as a transshipment point for South American-produced cocaine and Guatemalan produced marijuana. Efforts are underway by DEA Guatemala City and the United States Embassy in Belize City to train and equip law enforcement elements to combat this problem.

Honduras is considered a drug transit country, primarily for cocaine shipped from Colombia to the United States. There is no drug crop cultivation problem of any large proportion in the country.

Cocaine transiting Honduras moves by sea and air. In the past few years, there were cases in which multi-hundred kilogram shipments of cocaine were flown into Honduras and stockpiled until several such shipments were accumulated. They were then loaded onto commercial sea-going vessels in multi-ton quantities and smuggled into the United States, usually concealed in commercial shipments of traditional Honduran products such as wood and bananas. Honduran naval ships search the northern coastal areas for these drug smuggling vessels.

The recently staffed DEA office in Honduras is providing assistance in the organization of drug enforcement operations, but drug investigation training is also needed for Honduran law enforcement personnel.

Money laundering has long been the most serious narcotics-related problem in Panama because traffickers have been attracted by the strict secrecy laws which protect Panama's regional, dollar-denominated banking center. Additionally, Panama is utilized as a transshipment point for illicit narcotics, principally cocaine from South America to the United States. Essential chemicals used in processing cocaine also transit Panama en route from Europe and the United States to South American processing laboratories.

Narcotics production has not been a large-scale problem in Panama since 1985. During 1988, the Panama Defense Forces (PDF)

eradicated ten hectares of cannabis in the Perlas Islands. There have been no reports of additional plantings of cannabis in 1988.

Last August, Panama was one of the thirty countries that participated in the IOEC Initiative which I mentioned earlier. The operation in Panama netted total seizures of 100 kilograms of essential chemicals, over 200 kilograms of cocaine, 8 vehicles, 13 weapons, and 100 arrests. Additionally, joint POF/DEA operations in 1988 resulted in the seizure of almost 1,300 kilograms of cocaine, 3 kilograms of heroin, and accounts worth almost \$85,000, as well as 50 arrests.

Jamaica's production of marijuana was reduced during 1988 due primarily to its continued highly successful cannabis eradication program. Using a combination of manual and herbicidal methods, the Government of Jamaica reduced net production of marijuana to 405 metric tons, compared to 460 metric tons in 1987 and 1,755 metric tons in 1986.

The United States and the Government of Jamaica signed a comprehensive Narcotics Control Program agreement in August 1988. The goals of the agreement are to reduce as rapidly as possible the amount of marijuana and its derivatives produced in, transmitted through, or consumed in Jamaica as well as to limit the amount of cocaine and other drugs transshipped through or consumed in Jamaica.

The Jamaican Government is continuing to study a proposed strengthening of its conspiracy laws, and asset/forfeiture legislation has been prepared for parliamentary consideration. In addition, an Organized Crime Task Force was formed last December to spearhead the battle against major drug trafficking organizations.

In the Dominican Republic, the government of President Joaquin Balaguer considers the drug problem to be of major importance, having signed Decree Number 6-89 this past January, declaring 1989 "The Year of the Fight Against Drugs." In May 1988, the Government of the Dominican Republic passed tough new drug legislation which imposes mandatory sentences, stiffer penalties, and deals with the matter of asset forfeiture.

There is no known cultivation of coca or opium poppy in the Dominican Republic. Joint government and DEA forces have discovered and subsequently destroyed only small-scale cannabis cultivations.

The importance of the Dominican Republic to international drug trafficking is its strategic location. Halfway between Colombia and the southeastern part of the United States, the Dominican Republic continues to be a staging area/refueling stop for transshipment to the United States of cocaine and to a lesser degree marijuana.

Anti-narcotics forces of the Government of the Dominican Republic have centered on the development and utilization of the Joint Information Coordination Center (JICC). During 1988, the JICC played a role in all major Dominican drug seizures and in the arrest of narcotic traffickers in the republic. In addition, the JICC provided valuable information to United States law enforcement agencies which resulted in the seizure of vessels transporting drug shipments.

The first radar site, part of the Caribbean Basin Radar Networks, was established in the Dominican Republic at Cabo Rojo in 1987. The second radar site, at San Isidro, was installed in 1988, and contractors have surveyed a location for the third site, which should be operational during 1990.

In 1988, a total of 550 kilograms of cocaine was seized in the Dominican Republic, compared to 1,894 kilograms seized in 1987. The total seizure of marijuana amounted to 11.19 metric tons, compared to 51 kilograms seized in 1987.

Haiti remained a transshipment point for illegal narcotics, particularly cocaine, into the United States during 1988. Last year, Haiti was politically turbulent with two coups and four different governments holding power. Drug interdiction efforts nonetheless went on with relative continuity and improved substantially under the Avril Government which took power in September 1988.

Since DEA opened an office at the Embassy in Port-Au-Prince in February 1988, there has been much closer cooperation between concerned agencies in Haiti and the United States. The Center for Information and Coordination (CIC) at Port-Au-Prince International Airport has now been operating for just over a year. The CIC monitors air traffic in the Port-Au-Prince area, as well as the arrival and departure of passengers. Since its opening, the CIC has brought about a noticeable decrease in drug trafficking activities in Port-Au-Prince, with the area becoming known as "Too Hot" for trafficking.

In August 1988, the United States and the Government of Haiti negotiated a memorandum of understanding on cooperation against narcotic trafficking. The agreement provides the Haitian Government with funds for equipment to be used against trafficking and covers the areas of information sharing, CIC operations, the establishment of satellite CIC's, and cooperation with U.S. interdiction operations.

In 1988, seizures doubled in Haiti, increasing from 667 kilograms of cocaine in 1987 to 1,383 kilograms of cocaine in 1988. This was due, in part, to the improved operations made possible by the CIC.

The Bahamas are a major transit point for cocaine and marijuana entering the United States. The Government of the Commonwealth of the Bahamas has repeatedly stated its opposition



to drug trafficking and in 1988 continued to demonstrate its willingness to cooperate with the United States on narcotics matters. Cooperation has remained excellent.

The Dangerous Drug Act, effective last year, that increased overall penalties for drug trafficking, as well as the ability and apparent willingness of Bahamian judges to impose longer sentences should have a deterrent effect on traffickers operating in the Bahamas.

DEA is continuing its interdiction activity in the Caribbean via Operation BAT, which operates in the Bahamas and the Turks and Caicos Islands. Among the objectives of Operation BAT are to disrupt the flow of marijuana and cocaine transiting this area en route to the United States and attempt to close the islands to smugglers for use as aircraft refueling stops, storage locations, and staging points.

Operation BAT also identifies major smuggling organizations by their aircraft and pilots in the area as well as provides additional training to the host country's narcotics and law enforcement officers. In FY 88, Operation BAT-assigned U.S. military helicopters flew 1,569 sorties for a total of 4,041 hours. Operation BAT personnel seized almost 35 metric tons of marijuana, over 11 metric tons of cocaine, 9 vessels, 20 aircraft, and 17 weapons last year.

In Operation BAT, Bahamian officers are ferried to their islands in U.S. military, U.S. Coast Guard, and DEA helicopters to make drug seizures and arrests. They are accompanied by DEA agents. As a result of traditional cooperative investigations, a number of significant Bahamian traffickers were arrested and brought to trial.

#### Southeast Asia and the Pacific

In Southeast Asia, political turmoil and excellent weather conditions have provided favorable conditions for increased narcotics production and trafficking.

Burmese narcotics interdiction efforts have been seriously affected by the continuing political upheaval in that country. As a consequence, narcotics have moved unhindered from growing areas to refineries and exit points along Burma's borders. Since the military pullback from the north, narcotics have moved along major, unsecured roadways by vehicle in such large volumes that only relatively small amounts were left for opium caravans, the traditional method of moving narcotics to exit points along the border.

While relative calm is returning to the urban centers, normal anti-narcotics activities have not yet been resumed. It can therefore be expected that opium poppy cultivation will increase, as a result of insurgent coercion and little or no government

suppression operations. Increased opium production is further anticipated owing to systematic, timely planting, the use of chemical fertilizers, and near-perfect weather conditions for opium poppy cultivation.

Under current U.S. Department of State policy, foreign aid to Burma, which includes assistance for narcotics enforcement, has been indefinitely suspended. As a result, Burma was unable to conduct opium poppy eradication operations during the 1988/1989 growing season. Manual and aerial eradication this year are not expected to be on the scale of previous years. Due to these factors, opium prices should decline further because of abundant supplies in the Golden Triangle.

Heroin refining activity, at the Burma/Thailand border, is expected to increase due to an abundance of opium and the lack of enforcement operations which had some significant success in previous years. These enforcement operations have been seriously impeded due to the cessation in the exchange of intelligence and enforcement information between the United States Government and the Union of Burma.

In addition to Burma being a major source country for narcotics transiting Thailand, it is expected that there will be an increase in opiate products from Burma transiting China, India, Laos, and Bangladesh.

Thailand continues to maintain a crop eradication and narcotics law enforcement program. Cooperation with United States counterparts remain generally satisfactory, and joint refinery interdiction operations and criminal investigations have produced significant results.

1988 was a good year for law enforcement efforts in Thailand. Drug arrests exceeded 46,000, up from 42,550 the previous year. The amount of heroin seized is expected to almost double that seized in 1987 -- up from 1.3 tons in 1987 to an estimated 2.4 tons in 1988. (The 1988 total includes one seizure in February 1988 by the Royal Thai Customs that netted 1,086 kilograms of No. 4 heroin. The heroin was concealed within 62 bales of rubber, which was to be shipped to a company in New York via Singapore.) Refinery interdiction operations were undertaken regularly during 1988, with a total of 10 heroin refineries being immobilized by year's end.

Seizures of processed cannabis were in excess of 62 tons. During 1988, the Royal Thai Government began measures to undertake the first systematic attempt to assess total cannabis production nationwide.

Because of persuasion by United States government officials, the prospect for viable asset seizures and narcotics conspiracy statutes remains a possibility. The enactment of these key statutes is not likely in the immediate future, however.

Opium poppy planting during 1988 was estimated to increase slightly over the 4,000 - 5,000 hectares planted in 1987. Excellent weather conditions were responsible for this increase. Eradication is expected to result in the destruction of approximately 1,700 - 1,800 hectares of opium poppies.

Opium production in Laos has been steadily increasing since 1984, and indications are that this trend will continue in the 1988/1989 growing season. Cannabis cultivation has also increased. These increases in cultivation can be attributed to economic motivations along with favorable weather conditions, the shift of Thai and Burmese traffickers into Laos, and the lack of narcotics enforcement within the country. Intelligence and seizures indicate that large amounts of Lao-refined heroin is reaching international consumers. In January 1988, 35 kilograms of suspected Lao-refined heroin #4 was seized in New York City by OEA. In March 1988 in San Diego, an estimated 56.3 kilograms of Lao-prepared opium were seized, concealed in parcels. There were also two Lao marijuana seizures on the west coast of North America last year, totaling 94 metric tons, which were destined for the United States.

There are reports that cannabis is being cultivated in Cambodia, but the amount of cultivation is unknown. Marijuana is reportedly being smuggled out of Cambodia via vessels, from ports in the Gulf of Thailand.

To assist enforcement efforts, Malaysian lawmakers have enacted legislation designed to deter and curtail the supply of illicit drugs entering their country. Malaysia has made possession of drugs a capital offense. Malaysia is waging war against drugs and makes no apologies for legal actions taken against narcotics traffickers. From 1975 through 1988, Malaysia has hanged 73 drug offenders and 136 more are on death row. (Possession of more than 15 grams of heroin carries a mandatory penalty of death by hanging).

In March 1988, Malaysia enacted an asset seizure law. At the close of 1988, the police had 8 on-going asset seizure cases.

The Philippines continues to serve as a transit/transshipment point for Southeast Asian marijuana and heroin destined for the United States. Marijuana cultivation has been primarily confined to Northern Luzon. During 1988, over 24,400,000 cannabis plants and seedlings were destroyed by the combined efforts of United States and Filipino government agencies.

In August 1988, a raid on a small island in the Philippines resulted in the seizure of approximately 1,000 coca plants and some precursor chemicals. An analysis of the coca leaves determined that these leaves had a cocaine alkaloid content consistent with South American coca.

Hong Kong's reputation as a financial center of the drug

trade continues. Hong Kong is the third leading financial center in the world and a leader in Asia. Because of bank secrecy laws and the lack of currency controls, Hong Kong is a safehaven for narcotic-generated funds. The Hong Kong Government is moving forward on plans to introduce and secure passage of legislation enabling the courts to trace, freeze, and confiscate the proceeds of drug trafficking. The draft legislation is in its final stages of preparation and is expected to be introduced to the legislative council early this year.

Trafficking activities in Hong Kong are increasingly centered on the importation of heroin #4, some of which is converted to heroin #3 for local consumption, with the remainder destined for the United States and to a lesser degree to Australia, Europe, and Canada. Hong Kong law enforcement authorities have stated that more than half of the heroin seized in Hong Kong in 1988 (275 kilograms of heroin #4) arrived in Hong Kong by overland route from the Golden Triangle through the People's Republic of China, as opposed to the prior use of sea/trawler routes. Due to ample supplies of heroin in Hong Kong, local prices have dropped with heroin #4 selling at an all-time low wholesale price of \$12,000 per kilogram. However, the profit still remains high as wholesale prices for heroin #4 in the United States are roughly eight to ten times higher.

Several of the major 1987 Southeast Asia heroin seizures occurring in New York, including a 165-pound seizure in December

1987, were directly linked to Hong Kong. It is significant to note that most of the major groups trafficking in Southeast Asian heroin to the United States are based in Hong Kong.

A preliminary review of 1988 seizure statistics reflects more than 400 kilograms (gross) of Southeast Asia heroin #4 seized in the United States as compared to 238 kilograms of heroin #4 in 1987. Hong Kong was utilized either as a meeting point for trafficking organizations or as a transit point in approximately 50 percent of all 1988 heroin #4 seizures in the United States.

#### Southwest Asia and the Middle East

OEAs are keenly aware of the fluid political situation in Southwest Asia and the Middle East, and the resulting effects on both narcotics trafficking and drug law enforcement.

Opium poppy cultivation in Pakistan last year continued in the more remote tribal areas of the North-West Frontier Province (NWFP) where the central government exercises little control. This resulted in an estimated opium production of 205 metric tons, approximately the same as in 1987. Opium produced in Pakistan is either domestically consumed or is converted into heroin in local clandestine laboratories.

Intelligence indicates there are more than 100 clandestine heroin laboratories in the NWFP. Most are situated in the Khyber



Agency, which borders Afghanistan.

In Pakistan, the Pakistan Narcotics Control Board (PNCB) is the federal agency responsible for the coordination of all agencies involved in drug law enforcement activities. In FY 88, the PNCB reported the seizure of six heroin processing laboratories. The relative paucity of these seizures is of growing concern to DEA.

In September 1988, the Government of Pakistan (GOP) and the United States signed the Tribal Areas Agreement which provides for the gradual introduction in the area of the GOP's opium production ban. This five-year program is designed to eliminate all poppy production in the Mohmand and Bajaur Agencies of the NWFP. To be successful, this program requires the total support of the GOP.

The new government of Prime Minister Bhutto has indicated strong support for aerial eradication. Detailed plans have been developed to use the Thrush aircraft during the spray season to extend eradication into areas where topography and lack of government control have limited access. Within the last several weeks, in fact, several areas have been sprayed.

Last October, Tariq Butt, a major heroin dealer, was arrested in Lahore. He is currently in prison awaiting trial. Another major drug figure, Malik Saleem, is wanted in the United States

on hashish trafficking charges. He was arrested by GOP authorities in late 1988 under a request for extradition from the United States, and extradition proceedings have been initiated. It is anticipated that Saleem will be returned to Florida within the next few weeks.

India is the world's largest traditional supplier of licit raw opium. It also illicitly cultivates opium poppies as well as diverts opium from licit production. Some of this illicit or diverted opium reportedly is smuggled out of India into Pakistan for conversion into heroin. The opium is also moved, though on a relatively small scale, into the Persian Gulf area.

Officials of the Government of India (GOI) have expressed concern about India's role as a transit country for narcotics produced in neighboring countries -- particularly Pakistan and Afghanistan. Unofficial estimates are that 30 to 40 metric tons of heroin transit India from Pakistan each year. In February 1989 alone, DEA's offices in Karachi, New Delhi, Bombay, and Rome have provided information and coordinated the arrests of approximately fifty Nigerian nationals who have transited India from Pakistan after having swallowed large amounts of heroin contained in condoms. As difficult as it may be to believe, each courier, or in current jargon -- each "swallower" -- was found to have consumed, on the average, over one-half kilogram of heroin.

The GOI and DEA are encouraging increased cooperation and

improved lines of communication between enforcement agencies of India and Pakistan. Furthermore, India has signed Memoranda of Understanding with Pakistan and Burma regarding narcotics matters.

To reduce the potential of diversion of opium from licit production, the GOI has reduced its licit opium output from 1,166 metric tons in 1977-78 to an estimated 480 metric tons in 1988-89.

In 1988, Prime Minister Gandhi issued a 14-point directive aimed at intensifying anti-smuggling and anti-narcotics activities. A cabinet-level working group on narcotics, headed by the Home Minister, was also formed last year to set the agenda for, and oversee, the GOI's drug intervention and demand reduction policies.

In 1988, the GOI continued to implement the asset seizure provisions of the 1985 Narcotic Drugs and Psychotropic Substances Act. The GOI also continued its reward system to encourage law enforcement officials to seize illicit drugs.

New legislation in 1988 significantly improved the GOI's ability to combat illegal narcotics activities. During the year, authorities seized almost 6,000 kilograms of heroin and opium, and over 1,500 kilograms of methaqualone.

Afghanistan has been a denied area for DEA personnel since the 1979 Soviet invasion, and reliable information is at best difficult to obtain. We do know, however, that Afghanistan continues to be a major producer of opium and hashish, with 1987 opium estimates ranging from 400 to 800 metric tons. There is no ban on opium poppy cultivation in Afghanistan, and indications are that little has been done by either Soviet or Kabul regime officials to address this matter. OEA suspects that a cessation of hostilities in Afghanistan will most probably result in an increase in opium production and heroin conversion activity.

Turkey continues to play a major role in the trafficking and transshipment of opiates from Southwest Asia. These opiates are smuggled westward through Bulgaria and Yugoslavia into Western Europe and/or the United States.

In 1988, enforcement efforts in Turkey resulted in the seizure of approximately 1.5 metric tons of heroin. Cooperation between Turkey, European countries, and OEA have led to many multi-kilogram seizures in various European countries. Intelligence has revealed that the United States was the planned ultimate terminus for a significant amount of this heroin.

Iran is a denied area, and most of DEA's information is based on media reporting, which indicates that several initiatives targeting illicit drug activities have been taken. In January 1989, stringent anti-drug legislation went into effect. Also,

enforcement measures have been increased along Iran's borders. Record seizures and arrests have allegedly been made, and it has been reported that more than one hundred drug traffickers have been executed in 1989.

DEA has, however, initiated several investigations which demonstrate that large amounts of Iranian heroin are still being exported into Western Europe, with some of that heroin destined for the United States. In January, a cooperative case between DEA's Milan office and Italian authorities resulted in the seizure of approximately 115 kilograms of heroin which had been smuggled out of Iran into Turkey and then transported to Italy via "Transport International Routier" (TIR) truck. DEA has implemented a Special Enforcement Operation targeting the smuggling of heroin from the Middle East to Europe via the Balkan Route.

Lebanon remains one of the major producers of hashish for distribution into the international market. Also during the last few years, farmers in Lebanon have increasingly turned to opium poppy cultivation. Recently, there has been some eradication of opium poppy in the Christian areas. The major portion of locally produced opium and its derivatives are smuggled to other Middle East countries, as well as Europe and the United States.

Syria was denied certification last year because it had failed to cooperate with the United States on narcotics control.

Syria is not a significant producer of illicit drugs but is known to be a transit point for some of these substances.

### Western Europe

Europe continues to be both a transshipment area and a consumer of heroin and hashish, particularly from Southwest Asia and the Middle East. During the past three years, Western Europe has experienced a significant increase in cocaine abuse and trafficking. Cocaine entering Europe is shipped from South American source countries primarily by commercial air and cargo vessels.

Economics is the reason South American cocaine traffickers are increasingly turning to the European market. In the United States, the price of a kilogram of cocaine has declined by approximately half, from \$35,000 five years ago to as low as \$15,000 today. In Europe, by contrast, relative scarcity allows traffickers to demand up to \$65,000 a kilogram, though prices have been known to go much lower.

There are indications, besides the complex smuggling routes and the growing volume of the seizures, that cocaine trafficking is poised to reach new levels in Europe. Last November, for example, the first cocaine hydrochloride laboratory was seized in England. Hundreds of gallons of chemicals, six kilograms of cocaine HCl, 21 kilograms of cocaine base, and approximately \$1

million were seized in the raid.

Last month, Her Majesty's Customs and Excise and the London Metropolitan Police seized approximately 130 kilograms of cocaine and two tons of marijuana. The cocaine was concealed within the marijuana in a container of balsa wood. The container was shipped from Ecuador to France and then ferried to the United Kingdom. That same week, London's Metropolitan Police and the Regional Crime Squad seized approximately 60 kilograms of cocaine in a London suburb. Arrested were a British subject, as well as a Peruvian and a Dutch citizen.

In February 1989, as a result of information developed by DEA offices in Milan and Marseille, the French Central Narcotics Office seized 474 kilograms of cocaine, the largest ever in France. And recently, the Spanish Police and Customs seized 400 kilograms of cocaine from Colombia, the largest such seizure in Spain's history.

The growing drug trafficking problem in Europe is causing legislators to re-examine their nations' drug laws. In February 1988, for example, the United Kingdom entered into an agreement with the United States to seize the assets of drug traffickers operating between Britain and the United States. Last March, Spain substantially increased the penalties for traffickers and now allows property confiscation in drug cases. Italy is in the process of adopting a drug bill that would ease restrictions

concerning investigative work. And law enforcement officials in France and Italy, who in the past have directed their efforts against heroin traffickers, are shifting their focus to cocaine smugglers.

Last December, the Swiss Parliament passed a unanimous motion calling for the creation of a federal narcotics agency similar to DEA. The Parliament also called for the drafting of a money laundering law. DEA's Magharian investigation last year involved extensive Swiss cooperation. This investigation of the money laundering activities of two brothers is possibly the most complicated undertaken by DEA in Western Europe in the past ten years. Seizures involved \$2 million in cash at the Los Angeles airport and \$19.7 million in the Magharians' Swiss bank account. The Magharians admitted laundering over \$36 million of cocaine proceeds from Los Angeles and \$700 million of heroin/hashish proceeds from the Near East during the past three years.

To learn from DEA's experience with the cocaine traffic and to address the potential of the United States being used as a transit point for illicit drugs sent from South America to Europe, the United Kingdom last year assigned two police officers to the United States -- a British Customs Agent to the DEA division office in Miami and a National Drugs Intelligence Unit representative to the British Embassy in Washington. Also, the Bundeskriminalamt (German Federal Police) assigned an officer to DEA's Miami office.



The Soviet Union and Eastern Europe

The Soviet Union is sometimes used as a transit country for Southwest Asian heroin and hashish from Southwest Asia. Seizures have been made from passengers at the Moscow airport, as well as from trucks and containerized cargo originating in Afghanistan.

In recent years, the Soviets have adopted stricter penalties for drug offenses, implemented actions to eradicate poppy and cannabis fields, arrested more drug traffickers, and initiated criminal proceedings on over 80,000 persons arrested on drug-related crimes. To some extent, these measures reflect the seriousness of the Soviet drug problem.

In January 1989, the United States and the Soviet Union signed a Memorandum of Understanding to cooperate in narcotics enforcement. In February 1989, OEA's country attache in Vienna, whose office is responsible for liaison with the Soviet Union, went to Moscow to establish liaison with the Soviet Customs, the agency that will handle narcotics enforcement activities.

Eastern Europe is primarily a consumer of cannabis and dangerous drugs, although heroin consumption there has risen considerably. Cocaine abuse has yet to become a problem in Eastern Europe. It is only recently that some Eastern European countries admitted to having a drug abuse problem. Yugoslavia and Bulgaria have bilateral agreements with the United States to

exchange information and cooperate in drug enforcement matters. The remaining Eastern European countries are in various stages of negotiations with the West on similar agreements.

The Balkan Route, through Yugoslavia and Bulgaria, remains the main overland smuggling route for Southwest Asian heroin shipments to Western Europe and North America. The most common means of transport on the Balkan Route are TIR trucks and personal automobiles. Couriers, using buses and trains, carry small amounts.

Hungary and Czechoslovakia remain transshipment points for heroin destined for Western Europe. Seizures from TIR trucks rely heavily on the exchange of information with other countries and, to date, few seizures have been made. Both Hungary and Czechoslovakia have developed courier profiles and have had some success in interdicting couriers arriving at airports from source and transit countries. Both countries are also increasing their cooperation with other nations to control the export of chemicals and precursors used in illicit drug production.

International law enforcement attention and emphasis on TIR truck narcotics smuggling has heightened since January 1989 when DEA organized and coordinated the "Balkan Strategy Meeting" in Budapest. Representatives from Austria, Hungary, Turkey, and Yugoslavia attended this meeting, pledging to increase the collection, exchange, and coordination of TIR truck narcotics

Nigeria is a heroin transshipment country. Marijuana cultivation is becoming more significant, both for domestic consumption and export. Some fields have been discovered destroyed by narcotics authorities. Last November in Philadelphia, U.S. officials seized a shipment of almost 3,000 kilograms of marijuana from Lagos.

There are seven identified Nigerian courier organizations in that country. Their membership is primarily Nigerian, although other West African nationals are involved. An example of the Nigerian courier organization and how they operate was mentioned earlier in my comments on India.

In 1988, the Federal Military Government of Nigeria continued to demonstrate its commitment to addressing drug trafficking and abuse problems. Also, detailed negotiating sessions in Lagos and Washington brought Nigeria and the United States closer to the conclusion of a mutual legal assistance treaty; it is expected that the treaty will be ready for signature this year.

Illicit drug activity in Morocco consists primarily of cannabis cultivation, processing, and smuggling. There is no information that significant amounts of Moroccan cannabis

products are shipped to the United States, either directly or indirectly through Europe. Virtually all of Moroccan cannabis exports go to Europe.

Last year, the Government of Morocco concluded a cooperation agreement with Great Britain against terrorism, crime, and narcotics trafficking. This year, Morocco and the United States expect to have in place a Bilateral Narcotics Control Agreement.

The DEA office in Cairo, Egypt has been very active in drug law enforcement matters, as well as in developing liaison with countries located in East Africa.

During the past six months, the Egyptian Anti-Narcotics General Administration (ANGA), in a joint investigation with DEA, made one of the most significant seizures in Egyptian history. Seized were 289 kilograms of heroin, 3,688 kilograms of opium, and 1,622 kilograms of hashish aboard a motor vessel as it attempted to cross the Suez Canal from Karachi, Pakistan, its point of origin. In addition to the ten crew members who were arrested at the scene, the ANGA was able to identify, locate, and arrest the Pakistani source of supply as well as two large-scale Lebanese multi-drug violators.

The above-mentioned investigation continued with a DEA organized and coordinated meeting between Egyptian ANGA officials and the Israeli National Police (INP) in Nicosia, Cyprus. The

INP requested the meeting to review information with the ANGA in an effort to bring additional suspects to justice. It is important to note that this meeting not only met operational objectives, but also served to open bilateral channels of communication between the ANGA and the INP.

#### Chemical Diversion Control

I would now like to focus attention on another way DEA is attacking the drug problem. We are taking measures to strengthen domestic and international controls on essential chemicals and precursors. The Chemical Diversion and Trafficking Act of 1988, which was passed by Congress and signed by the President on November 18, 1988, provides DEA with the major authority to mount a revitalized attack against the clandestine manufacture of controlled substances and to pursue an aggressive program against those who divert certain precursor and essential chemicals for illicit purposes.

Two months ago, DEA published proposed regulations in the Federal Register to implement the Chemical Act. The comment period for this proposal expired on March 27, and the final regulations will be published shortly. As stipulated in the Chemical Act, the import/export provisions will become effective 90 days after the final regulations have been promulgated.

DEA has met with representatives of the chemical industry on

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organization.

Last December, the United States and over 100 other countries signed a historic United Nations Convention in Vienna. Member nations pledged unprecedented cooperation to combat global drug trafficking. A number of drug trafficking and money laundering practices were designated as criminal violations. Also, signatory nations pledged mutual assistance in the investigation and prosecution of cases.

As I have said many times, I believe the long-range solution to our drug problem lies in prevention and education to reduce the demand for drugs. It is critical, however, that we achieve short-term reductions in the supply of illegal drugs if we are to deal effectively with the current levels of drug use and related crime, and to create an environment within which long-term demand reduction can take effect. DEA is committed to its drug enforcement programs and international cooperation with source and transit countries, as well as to our demand reduction initiatives.

Mr. Chairman, I appreciate this opportunity to discuss DEA's budget request for 1990 and to relate the our efforts to reduce illicit drug trafficking. I will be pleased to answer any questions you may have.

Mr. HUGHES. All right. Ms. Wrobleski, welcome.

**STATEMENT OF ANN B. WROBLESKI, ASSISTANT SECRETARY,  
BUREAU OF INTERNATIONAL NARCOTICS MATTERS, DEPART-  
MENT OF STATE**

Ms. WROBLESKI. Mr. Chairman, let me just say a few words about the certification process which I know is a new topic for this subcommittee, and just put on the record that the President has certified the Bahamas, Belize, Bolivia, Brazil, Colombia, Ecuador, Hong Kong, India, Jamaica, Malaysia, Mexico, Morocco, Nigeria, Pakistan, Paraguay, Peru, and Thailand.

The President gave national interest certifications to Lebanon and denied certification to Burma, Laos, Panama, Syria, Iran, and Afghanistan. I'm happy to answer any questions on any of those countries today.

I know that this is, as I say, a new topic for the subcommittee, but I especially look forward to the subcommittee's questions on operations in South America, particularly in the Andes, particularly those directed at cocaine.

Thank you for taking me today instead of later in the week.

Mr. HUGHES. Thank you very much.

[The prepared statement of the Ms. Wrobleski follows:]

TESTIMONY  
ASSISTANT SECRETARY ANN B. WROBLESKI  
BUREAU OF INTERNATIONAL NARCOTICS MATTERS  
DEPARTMENT OF STATE  
to  
COMMITTEE ON THE JUDICIARY  
SUBCOMMITTEE ON CRIME  
April 12, 1989

MR. CHAIRMAN (Hughes)

The Department of State appreciates this opportunity to present testimony on the role of the international narcotics control program in reducing the flow of illegal drugs into the United States from foreign countries.

The Bureau of International Narcotics Matters will provide testimony today, in behalf of the Department of State, concerning the determinations on narcotics cooperation which President Bush certified to Congress on March 1, and on the International Narcotics Control Strategy Report, which provides the basis for those decisions.

SUMMARY OF RECOMMENDATIONS

President Bush certified The Bahamas, Belize, Bolivia, Brazil, Colombia, Ecuador, Hong Kong, India, Jamaica, Malaysia, Mexico, Morocco, Nigeria, Pakistan, Paraguay, Peru and Thailand.

The President gave a national interest certification to Lebanon, and, denied certification to Burma, Laos, Panama, Syria, Iran and Afghanistan.

But, the Administration did much more than simply certify cooperating countries. President Bush in effect gave four ratings: certification, certification with explanations, national interest certification, and denial of certification. The President provided special statements explaining the certifications of The Bahamas, Bolivia, Colombia, Mexico, Paraguay and Peru. Secretary Baker, in a special letter to Congress, said that he and President Bush "are both deeply troubled by the state of affairs upon which he based his certification decisions. Despite the hard work and dedication of many public servants and private citizens, both here and abroad, the international war on narcotics is clearly not being won. In fact, in some areas we appear to be slipping backwards."

"Nonetheless," the Secretary continued, "we present you these certifications in good faith in the hope that we can work



together against the drug menace. For six countries, there are statements that explain the certification while acknowledging that each of the six can and must do more in the future to end the drug trade."

With respect to denial of certification, let me note that aid is not a factor in Syria, Iran and Laos or with the Government of Afghanistan; aid had been previously suspended to Burma and Panama. Laos is reportedly seeking a loan through the Asian Development Bank, which will have to be opposed. We do have a continuing interest in POW/MIA investigations with Laos, which was the basis for the previous national interest certification. However, we felt that the information we had concerning official involvement was compelling, given the requirements under Section 2013(b). Trade sanctions are discretionary to the President and no recommendations are made affirmative or negative on trade sanctions for the six countries denied certification.

#### 1988 IN SUMMARY

Our annual report was submitted to Congress March 1 and, for the benefit of this hearing record and for those in the audience who have not read the INCSR, my testimony presents the major findings in the report.

Several critical milestones were met during 1988. Peru eradicated 5,130 hectares of coca, possibly offsetting for the first time any expansion of Peru's coca crop which has been increasing by an estimated ten percent a year. Bolivia exceeded its coca eradication targets ahead of schedule and passed landmark legislation which outlaws coca cultivation in most of that country. Colombia seized 23 metric tons of cocaine, while The Bahamas seized 10 tons of cocaine.

1988 presented some opportunities for progress: the election of new governments in Mexico and Pakistan, evidence of greater international willingness to assist nations facing problems with drug production and trafficking, and the growing awareness among developing nations now faced with drug abuse epidemics that inaction can no longer be tolerated.

We have seen a new willingness by nations to work together at the United Nations, at the Economic Summit, and on regional initiatives, actions which will have consequences for narcotics control in South America. Nations recognize that they cannot confront the problem alone, that one nation's progress has generally resulted in a shift in production and traffic to more vulnerable, less vigilant nations.

However, there were disappointments in 1988: the continuing expansion of the Andes coca crop, particularly in Bolivia, and the slow progress of Andean governments in agreeing upon strategies which include widescale herbicidal eradication. Central to a viable cocaine control strategy is

destruction of a good percentage of South America's coca crop, an objective which cannot be achieved through manual eradication. In 1988, farmers in Peru, Bolivia, Colombia and Ecuador cultivated 193,136 hectares of coca; manual eradication destroyed 6,896 hectares or nearly 4 percent of the coca acreage in these countries.

U.S. policymakers were confronted once again in 1988 by the reality that political and economic instability in drug-producing areas can subordinate drug control agendas to other pressing concerns. Narcotics production and trafficking often go hand in hand with enormous social and political problems.

Expansion of the world's opium crop, especially in politically inaccessible areas threatens to increase U.S. heroin supplies. There is concern among some domestic drug abuse experts that heroin popularity will rise partly as a result of the highly publicized negative consequences of crack and of increased production in Southeast and Southwest Asia.

On the positive side, marijuana production continues to decline in traditional growing areas in Colombia, Jamaica and Belize, although Colombia experienced an increase in new areas. Ironically, reduction in international marijuana supplies puts the U.S. in the indefensible position of being a major supplier to the domestic and international market.

#### GOAL: COCAINE

Over 60 percent of the INM overseas narcotics control budget is dedicated to cocaine control with the objective of reducing cocaine imports by 50 percent by 1993. This year's brightest news comes from Peru, where against tremendous odds, four months of concentrated manual eradication resulted in the destruction of 5,130 hectares, eliminating a potential 10 metric tons of cocaine from the international market, and possibly stabilizing coca expansion in Peru for the first time. However, the expansion of the Andean coca crop in Bolivia and Colombia and modest gains in eradication make 1988 a year of mixed results. Despite some encouraging efforts on the part of the Bolivian Government, coca cultivation in that country expanded during this past year, from an estimated 39,258 hectares in 1987 to 48,500 hectares after eradication; this represents an increase in hectareage of more than 20 percent in one year. Coca cultivation also increased slightly in Colombia from 25,000 hectares to approximately 27,230 hectares.

The success of our cocaine control strategy overseas depends on several U.S. Government agencies working together. The strategy incorporates eradication, enforcement, training, public diplomacy and development assistance. The INM Airwing, mandated by Congress, is fully operational in South America supporting coca and marijuana control operations. During FY 89, the airwing inventory will have 54 aircraft, including a

mix of helicopters, utility aircraft, fixed wing spray planes and three C-123 transports. In conjunction with host country officials, INM and DEA utilize the aircraft for aerial eradication of drug crops, transporting eradication workers and U.S. and host country law enforcement personnel, training foreign pilots in spray techniques and transporting equipment.

The Drug Enforcement Administration works with law enforcement officials in South and Central America in an advisory capacity; "Operation Snowcap", a multi-country, multi-faceted cocaine control operation is central to our cocaine strategy. Snowcap addresses several aspects of the cocaine processing and trafficking cycle including chemical control, lab and airstrip destruction. Most Snowcap activity is currently taking place in Bolivia and Peru. Since its inception in 1987, this cooperative operation has resulted in the destruction of 194 cocaine MCL labs, 15,500 arrests and the seizure of over 43,000 kilograms of cocaine.

Other U.S. Government agencies have also taken an active role in training and advising Andean law enforcement organizations in support of cocaine control operations. The Border Patrol has trained UMOPAR units in Bolivia; the Department of Defense has trained law enforcement personnel in Bolivia, Ecuador and Colombia, and has provided operational support to drug enforcement agency personnel engaged in cocaine control programs.

While there are indications that certain segments of the U.S. market for cocaine may have stabilized, our major cities are faced with a crack epidemic which has bred violence, murder and despair. Latin American cities are also facing unprecedented levels of drug addiction with the introduction of basuco, a highly addictive by-product of cocaine which has characteristics similar to crack.

U.S. seizures of cocaine were up during 1988; federal law enforcement agencies report that in the first ten months of 1988, about 76,000 kilograms of cocaine were seized. This represents an increase of 13.5 metric tons in seizures for the entire previous year.

#### Prospects for Success in South America

Latin American governments have been unable to significantly reduce the Andean coca crop or to eliminate cocaine trafficking. The enormous profits generated by the cocaine trade have enabled the traffickers to intimidate representatives of government institutions and to purchase arms and influence. Violence, drug-related corruption and intimidation impede Andean governments' efforts to mount effective anti-narcotics campaigns. Some evidence exists to indicate that Shining Path guerrillas in Peru actively attempt to sabotage coca eradication efforts in the Upper Huallaga Valley. There is a proven relationship between narcotics traffickers and the FARC guerrilla movement in Colombia.

Despite some country-by-country improvements, no real progress was made in a regional approach to cocaine control. The cocaine "big picture" remains discouraging and suggests that the current direction of Latin American cocaine control efforts may need to be re-assessed. In the coming weeks, we will address the cocaine issue in detail as we respond to the request in P.L. 100-690 that we assess the feasibility of creating an integrated regional strategy, and as we work with the Office of National Drug Control Policy on the new U.S. national strategy.

### The Herbicide Issue

While enforcement operations have resulted in significant seizures, coca eradication in the field holds the most promise for reducing worldwide cocaine supplies. The most hotly debated and most misunderstood issue in 1988 drug control efforts was the possible use of herbicides against the Andean coca crop. Debate on the environmental effects of herbicides was often superficial, taking no account of the already devastating environmental consequences of clear cutting forests and mountain areas, or the damage caused by narcotics refining and processing chemicals.

Peru has repeatedly stated its commitment to testing safe, effective herbicides for use against coca, and, during 1988, completed the first phase of its testing program, applying six herbicides manually to several plots of coca totalling under three acres. On March 17, Peru completed the critical aerial test of two herbicides, across 16 test plots, and in the coming weeks soil, air and water samples will be analyzed for effects.

Herbicide testing is carried out by the U.S. Government and host countries using the same strict criteria which are mandated domestically, but not internationally. Herbicides are applied carefully to ensure that unintended destruction of other crops does not occur. Where possible, pellets are used to minimize the possibility of drift.

Critics of herbicide testing fail to note several important issues which may help put Peru's coca eradication program into perspective.

First, in the Upper Huallaga Valley, coca cultivation is illegal. A large percentage of the peasants cultivating that crop are not traditional coca farmers; they have recently occupied the land for the sole purpose of growing coca for the illegal market. Eighty percent of the farmers grow nothing but coca; the remaining 20 percent cultivate some food crops to supplement supplies transported from other regions. The Upper Huallaga Valley has never been a traditional agricultural area, nor will it revert to one after coca is eliminated.

Second, coca farmers and cocaine traffickers have devastated the Valley with irresponsible use of chemicals and

with the careless destruction of the forest. Peruvian environmentalists are deeply concerned about the silence of the world environmental community about the continuing destruction of natural resources due to coca cultivation, and see the use of herbicides to destroy that illegal crop as an acceptable trade-off.

Third, the increasing presence of the Sendero Luminoso in coca-producing areas poses a grave threat to the stability of the Lima Government.

Herbicidal destruction of the coca crop is not the answer to all coca-related problems. A number of important questions still need answers concerning development, alternative sources of income for peasants and the economic future of Andean countries. However, the use of herbicides can provide these governments with an effective tool to eliminate part of the coca crop, encourage farmers to seek legal livelihoods and demonstrate government commitment to narcotics control.

#### The IDEC Initiative

During the summer of 1988, 30 nations, including several European governments, participated in a month-long cocaine enforcement operation under the auspices of the International Drug Enforcement Conference (IDEC). At IDEC's April meeting in Guatemala City, members agreed to participate in a cooperative, coordinated, multi-national law enforcement operation during August to enhance their abilities to seize cocaine and cash, track fugitives and crack down on money laundering. The United States participated in the IDEC operation, committing National Guard units in four states to work side by side with the U.S. Customs Service, inspecting cargo.

#### GOAL TWO: HEROIN

During 1988, there was no reduction in worldwide supplies of opium and heroin. In every opium-producing nation except Thailand, opium production appears to have remained at 1987 levels or increased. Heroin conversion and trafficking remain serious problems in Southeast and Southwest Asia and Mexico; increased heroin supplies have also alarmed U.S. drug experts who believe that the United States may be poised on the brink of another heroin epidemic. Compounding U.S. Government frustration at increasing worldwide opium supplies is the fact that 90 percent of the world's opium production takes place in areas to which the U.S. has limited or no access, such as Iran, Afghanistan, Lebanon, Laos and Burma. Federal law enforcement officials report that 1988 heroin seizures are up over last year's totals.

#### Southeast Asia

The civil turmoil in Burma has resulted in the suspension of the Socialist Republic of the Union of Burma's (SRUB) annual

aerial opium eradication program. Between January and March, 1988, the SRUB reported eliminating over 16,000 hectares of opium. At year's end, it is estimated that Burmese production of opium is up in absolute terms, and there is no immediate prospect that the aerial eradication campaign will be resumed in time to be effective against the 1989 crop. Indeed, the disturbances will most likely result in unchecked opium production in Burma.

There has also been no reduction in opium production in Laos, and there continue to be reports of extensive involvement of LPDR military and civilian government officials in the narcotics trade, suggesting that such activity remains a matter of de facto government policy.

Our continuous dialogue on this subject with the Lao, our certification program and pressures from others in the international community underlie the recent Lao decisions to begin to address the narcotics situation. In the summer of 1988, the Lao Government raided two refineries in Oudomsai Province and later tried 48 traffickers netted in the raid; among those convicted was the governor of the Province, a central committee member. A high-level delegation of U.S. Government officials travelled to Vientiane in early 1989 to discuss a number of issues, including narcotics control. LPDR officials assured the U.S. representatives that the Lao had begun to address its opium problem, as evidenced by the Lao agreement that the United Nations Fund for Drug Abuse Control (UNFDAC) could establish a \$5.8 million rural integrated pilot program in an opium growing region in northern Vientiane Province. This project is scheduled to get underway before July. For the first time, Lao officials accepted, in principle, previous offers of bilateral U.S. narcotics control assistance.

Thailand was successful in ensuring that opium production did not increase during 1988. It is possible that no further reductions will be made in coming years in the estimated 28 metric tons of opium produced in Thailand, given the demand for opium among the indigenous Hill Tribe addict population.

Heroin trafficking remains a serious problem in Southeast Asia, particularly in Thailand where an excellent system of roads provides traffickers good access to international markets. There is evidence that heroin is trafficked through Vietnam, notably through the port of Da Nang. During 1988, heroin seizures in Thailand doubled over the previous year's totals, and ten heroin refineries were immobilized.

#### Southwest Asia

Opium production and heroin trafficking are deeply entrenched in the Southwest Asian nations of Iran, Afghanistan and Pakistan. There is no indication that the Southwest Asian opium situation will improve in the foreseeable future.

Political turmoil and limited U.S. access in both Iran and Afghanistan will complicate any future opium control efforts, while the unstable Afghan political outlook will undoubtedly contribute further to Southwest Asia's opium and heroin problem. Pakistan's new government has publicly stated its commitment to opium control and has agreed to make use of aerial spraying to reduce the 1989 poppy crop.

There is little reliable information emerging from Afghanistan on the amount of opium poppy cultivated or the amount of heroin trafficked; it is widely believed, however, that both activities increased during 1988. There are no signs that either the Soviets or the Kabul regime have been able to make any progress in curbing production and trafficking. Estimates put the amount of opium production during 1988 at between 700-800 metric tons.

There is also sketchy information out of Iran concerning the amount of opium poppy cultivation taking place; it is believed, however, that Iran does not produce enough opium to supply its estimated one million addicts and must turn to Afghanistan and Pakistan for heroin. Opium production is estimated at between 200-400 metric tons per year, similar to 1987 levels. Heroin trafficking through Iran to Turkey is a trend that concerns U.S. and Turkish Government drug enforcement officials; Turkish enforcement efforts have resulted in the relocation of some Kurdish heroin refining activities from eastern Turkey to Iran. There is some indication that the Government of Iran is troubled by drug trafficking and addiction; enforcement operations and the execution of drug traffickers are two manifestations of Iran's desire to curb drug trafficking.

Last year's estimate of Pakistan's opium crop (reported at between 135 and 160 metric tons) was further revised to a range of 190-220 metric tons based on a new appreciation of yields. Opium cultivation in 1988 did not increase appreciably, but the Government of Pakistan has not been able to bring production down to 1985 lows. The newly elected Bhutto government has stated its commitment to reducing opium cultivation and heroin trafficking, and the President has urged the creation of a new cabinet level drug control entity under her direct auspices. Alarmed by the estimates of one million Pakistani drug addicts, the Government has pledged to redouble its eradication and enforcement efforts and has indicated to the U.S. its willingness to eradicate opium poppy by aerial means during the 1989 season.

In late 1988, the Government of Pakistan signed the Tribal Areas Development Agreement which will result in a major U.S.-sponsored development project in the Bajaur and Mohmand tribal areas. The agreement specifies that an opium ban will be gradually implemented in these remote areas over the next five years, increasing the possibility that opium cultivation can be reduced through concerted government actions. The Government

of Pakistan did arrest a major heroin trafficker this year but trafficking organizations have not felt real pressure to cease smuggling.

#### Mexico

Mexico expanded the scope of opium and marijuana eradication programs, while taking steps to improve operational efficiency. Cocaine seizures rose sharply. Still, Mexico remained the largest single country source for heroin, the second largest source for marijuana and a leading transit point for cocaine. Newly elected President Carlos Salinas de Gortari has made anti-narcotics programs a national priority for his new government, and the Attorney General's budget for 1989 will exceed \$26 million, up from \$19.5 million in 1987. A strong, positive tone for bilateral relations was set in an early meeting between then President-elect Bush and Mr. Salinas, and the U.S. government, anticipating continued improvements in the program, is prepared to cooperate with Salinas on these enhancements. However, U.S. officials are concerned about the inhibiting effects of corruption throughout the program.

#### Other Opium Producers and Heroin Traffickers

During the past few years, opium production has increased in countries such as Guatemala and Lebanon which are not traditional cultivators of opium. Heroin production and trafficking in the Middle East flourish in chaotic wartime conditions, and there is much evidence that heroin profits are being used to purchase arms. Until order is restored in Lebanon gains in opium control are highly unlikely.

#### GOAL: MARIJUANA

The worldwide marijuana picture in 1988 was mixed, with some nations making significant gains against marijuana cultivation and others unable to reduce their supplies. In countries where repeated aerial marijuana eradication campaigns have been launched, such as Belize, cultivation and replanting have been significantly reduced.

Colombia has been successful in eradicating marijuana cultivated in traditional areas through a series of aerial eradication campaigns. However, marijuana farmers have begun cultivation in non-traditional areas of Colombia including the Cauca and San Lucas Mountains; an estimated range of 5,927 to 9,625 metric tons were produced by Colombia in 1988.

The United States remains the third largest marijuana producer for our domestic market. During 1988, law enforcement personnel located and destroyed 38,531 small, difficult to locate plantations and seized 1240 indoor greenhouses. Net production is estimated at 3,000-3,500 metric tons for 1988.



GOAL: TRAFFICKING NETWORKS

Major international drug traffickers continue to wield power in Latin America, demonstrating their ability to run large organizations with untold wealth, a ready supply of arms and growing access to the world's media. While many of the world's most powerful drug traffickers remain at large, three notorious cocaine traffickers are behind bars today. Carlos Lehder was convicted and sentenced to life in prison after being extradited from Colombia. Ramon Matta Ballesteros, captured in Honduras is serving time on a separate offense and is awaiting trial on drug trafficking charges, and Bolivia's drug kingpin, Roberto Suarez, was arrested by Bolivian authorities and is presently in prison.

1988 was a banner year for initiating what we hope will be several classic investigations of the financial networks and wealth management systems of drug traffickers. The value of targeting the financial flows of drug traffickers has achieved a new prominence in U.S. enforcement operations and has become central to U.S. drug control policy. The pursuit of proceeds is enhanced by marked increases in international sensitivity to this issue, spurred in part by the attention given to money laundering issues at the United Nations and the Economic Summit of Industrialized Nations as well as our enforcement initiatives. International action to stop money laundering is also unquestionably driven by awareness of the crippling effects of narcotics trafficking and corruption, and a desire to avoid the stigma borne by countries which have become money laundering centers.

A number of international investigations led to major arrests and the seizure of millions of dollars in drug-related assets. One of the most successful money laundering investigations, called "C-Chase" by U.S. Customs and other enforcement agencies, led British, French and U.S. authorities to shut down an international network operating on three continents; the Bank of Credit and Commerce International (BCCI) was indicted.

GOAL: PUBLIC DIPLOMACY

International public opinion is one of the most crucial elements of a successful narcotics control program; the U.S. Government, understanding this, is working with a number of foreign governments to raise public awareness about the global drug problem and enlist support for concerted, international action against all facets of the illicit drug trade.

The U.S. Information Agency (USIA), the Department of State and the Agency for International Development (AID) contributed to the U.S. Government's public awareness activities during 1988. In addition to the sharing of information, the U.S. Government also provided technical assistance to a number of countries in the area of drug

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education and demand reduction.

The Agency for International Development (AID) has also become increasingly involved in narcotics awareness programs and anticipates that ten countries may receive assistance in this area next year. AID obligated almost \$5 million for drug awareness programs in 1988 to fund training, technical assistance, information dissemination, and use of the media.

GOAL: INTERNATIONAL COOPERATION

Developed nations are becoming increasingly involved in the international narcotics issue as the threats of drug trafficking and abuse take their toll on most societies. Through diplomatic and program initiatives, the United States is working with other governments to ensure that narcotics is elevated on the international agenda.

The annual certification process is the centerpiece of U.S. diplomatic efforts to encourage international cooperation in narcotics control. Over a billion dollars in U.S. foreign assistance is at stake in these determinations.

The finalization of the United Nations Trafficking Convention was one of several positive developments in the area of international cooperation. In meetings of the Economic Summit of Industrialized Nations member nations (the U.S., Canada, France, the Federal Republic of Germany, Italy, Japan and the United Kingdom), cooperation on controlling international narcotics production, trafficking and abuse were discussed in detail. At the May meetings in Toronto, the governments agreed to convene an experts group later in the year; the U.S. hosted this experts meeting in September at which representatives from six nations (France declined to attend) made recommendations on how to achieve enhanced cooperation in controlling financial flows, strengthening law enforcement initiatives, reducing the demand for drugs and supporting development projects.

The U.S. and U.S.S.R. signed a bilateral agreement in January, 1989 which will lead to closer cooperation between our two nations in narcotics investigations. The agreement, signed by Secretary Shultz and Foreign Minister Shevardnadze provides a mechanism for exchange of information on drug traffickers, shipments and the source of seized narcotics. At his confirmation hearings in January, Secretary Baker outlined U.S. interest in expanding the established four-part agenda for U.S./Soviet dialogue (human rights, arms control, regional conflicts, and bilateral relations) to include a fifth agenda item of global issues, such as narcotics, the environment, and terrorism. The Soviet Government agreed to this expansion (which will make narcotics a regular topic of discussion between U.S. and Soviet leaders) during Secretary Baker's introductory meeting with Foreign Minister Shevardnadze in Vienna on March 7.

The personal diplomacy of U.S. Government officials such as the Secretary of State and the Attorney General who both travelled to Latin America during 1988 re-inforced the priority that the Administration places on the narcotics issue as a major foreign policy concern.

International organizations such as the United Nations, the Organization of American States (OAS), the Andean Parliament, the Association of Southeast Asian Nations (ASEAN) and the Colombo Plan were active on the drug front in 1988. 1988 was the second year of operations of the OAS's Inter American Drug Abuse Control Commission. The CICAD's membership expanded from 11 members to 20, demonstrating the growing interest among OAS members in the drug issue. During the last year, the Commission launched regional projects using school systems for prevention and strengthening law enforcement mechanisms in the fight against drug abuse and trafficking. CICAD also undertook to develop stricter regional controls on precursor chemicals. Plans for 1989 include a meeting of ministers from the thirty one OAS member states to reassess priorities for action.

#### THE ROAD AHEAD: THE 1989/90 AGENDA

During the next year IMM intends to support program goals around the world in the following ways:

##### Latin America and the Caribbean

Bolivia, as President Bush noted in his statement, must do more to halt the spread of coca cultivation. We think Bolivia can gain control of coca expansion by ensuring that the new anti-narcotics law is upheld and by vigorously administering the involuntary eradication program. Bolivia must also intensify interdiction activities to further disrupt cocaine processing and encourage farmers to seek other livelihoods as a result of shrinking coca markets. Funding in FY 90 will be used for both interdiction and eradication; special emphasis will be placed on infrastructure support to field units.

Colombia's judicial system has suffered significant violence at the hands of major trafficking organizations; that nation must address problems in its system and take necessary steps which will enable them to bring traffickers to justice. The continuing expansion of Colombia's coca crop is troubling, and needs to be checked, preferably with an aerial eradication campaign. New marijuana plantations must be destroyed, again through aerial means. President Bush noted all of these concerns in his certification statement, which contained this summary assessment: "Few countries, if any, have contributed more of their national resources or lost so many lives in the effort to curb narcotics trafficking. We continue to stand in admiration of Colombia's determination. Yet, we are sensitive as well to how much more needs to be done, directly and bilaterally. As much as has been done, Colombia must do more,

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not just to eradicate crops, but to overcome corruption and intimidation. Colombia fights a two-front war against the traffickers and insurgents, too often in league with one another. We will continue to assist in meeting that challenge." In FY 90, program funds will be used to support anti-narcotics police enforcement efforts throughout the country to destroy cocaine processing laboratories, to interdict cocaine and build upon the existing aerial campaign to eliminate cannabis entirely. Funds will also be used to support aerial eradication of coca, should that occur.

Paraguay remains a significant drug transit point and is probably used as a money laundering center. Following last year's decision to provide Paraguay with a limited "national interest" certification, a stronger commitment was made in 1988 by Gen. Stroeasner, which resulted in several significant seizures and arrests, and the passage of a tough new narcotics law. As President Bush said, "We are taking a wait-and-see attitude on all aspects of the relationship with new President Andrea Rodriguez." We have called upon the new Paraguayan government to take the kinds of actions that will curb trafficking in cocaine and other drugs, and President Rodriguez has promised to "wage a firm and intransigent struggle against drug trafficking." Paraguay is cooperating currently on aerial marijuana eradication, which is an encouraging step which we hope will lead to other concrete actions to stem the production and flow of drugs in and through Paraguay.

Peru needs to expand eradication through use of herbicides where appropriate in its anti-coca campaign. Over the coming months, we will press the agenda advanced by President Bush: "The manual eradication effort in 1988 was an extraordinary improvement over the meager results of the previous year, but there is need for an even stronger crop control effort in 1989, including completion of the aerial tests; enforcement in the Upper Hualaga Valley has had limited effect as a restraint on production or trafficking, and corruption is a problem. There is a need for a strong commitment from the Peruvian military against the combined, violent forces of traffickers and insurgents." By working closely with the international environmental community, Peru can gain significant support for actions which will ameliorate trafficker damage to the environment. Peruvian enforcement operations should also be intensified to interrupt cocaine processing in the field. FY 90 funds will support eradication and interdiction; security for field workers will remain a high priority, necessitating greater protection from the Peruvian Government.

INM's Latin American regional funding will be dedicated to the containment of cocaine and marijuana production and trafficking in the region. By supporting eradication campaigns in Belize, Venezuela and other marijuana production countries, worldwide cannabis supplies will be reduced. Brazil's continuing efforts to eliminate coca and marijuana production and cocaine trafficking will be supported. We will also look

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carefully at opium production in Guatemala during the next year and will support eradication there. In countries such as Paraguay, Uruguay, Argentina, Chile, Haiti, Honduras, and the Dominican Republic INM will seek ways to support enforcement operations, upgrade the enforcement capabilities of police, and support regional enforcement activities.

Mexico must expand and intensify its poppy and cannabis eradication programs, using aerial surveys to compare pre- and post-eradication totals to verify the destruction of crops. An improved Operation Vanguard should be resumed next year. We will continue working with the Government of Mexico on the issue of corruption. Mexico is capable of improving its eradication campaign and could achieve the same successful results as they did in the 1970's; improvements must be made by increasing aircraft utilization rates and alleviating current pilot shortages. Cocaine interdiction efforts could also be improved. Increased funding is requested in the FY 90 budget to cover costs of maintenance support for the Mexican eradication fleet and aerial survey efforts.

Jamaica has kept down marijuana production and should continue to do so through repeated eradication campaigns. The U.S. Government looks forward to working with the government of newly elected Prime Minister Michael Manley, building on recent progress in eradication and enforcement. Trafficking networks must be dismantled and traffickers brought to justice. Jamaica also needs to launch a comprehensive drug prevention program aimed at preventing an increase in cocaine abuse. Aerial eradication is a priority for FY 90, and funds will be used to provide aircraft support for eradication and interdiction, maximizing the efficiency of Jamaica's programs.

The Bahamas should seek ways to undertake more independent interdiction activities, and complement current U.S.-supported operations. OPBAT is working well -- the 10 metric tons of cocaine and 13 metric tons of marijuana were seized in 1988, continuing the strong record of this bilateral program -- and the Bahamian experience can be valuable to other Caribbean countries plagued by drug trafficking. Drug-related corruption continues to be a major concern. FY 90 funds will continue in support of enforcement operations.

#### Asia and Africa

INM will continue to work with Asian Governments, where possible, to check opium expansion and drug abuse. Central to our program is the use of herbicides to destroy narcotic crops, and Asian governments will be urged to employ them in eradication campaigns.

Continued discussions with Laos, most recently in January, 1989, have identified areas of potential bilateral cooperation. Bilateral programs in training and narcotics crop control are currently in the planning stages.

Further reductions in Thailand's opium crop will be supported, as well as eradication of their marijuana supplies, with FY 90 funding; funds will also be used for interdiction programs to eliminate heroin trafficking.

Funds have temporarily been suspended to Burma; we will continue to watch that political situation closely, waiting for an opportunity to revitalize the opium eradication campaign. If and when assistance flows, FY 90 funds will be provided to continue operations aimed against opium producers and heroin traffickers, supporting ongoing programs to maintain and repair rotary and fixed-wing aircraft previously supplied to the Burma Air Force.

Pakistan's opium crop must be reduced significantly, and we are urging that Government to make use of aerial application of herbicides to do so. Pakistan's new leaders must enforce the opium ban and must redouble efforts to dismantle heroin trafficking networks, destroy laboratories and arrest, try and convict major traffickers. FY 90 funding will support the extension of Pakistan's ban on opium poppy cultivation to the Bajaur and Mohmand regions by introducing improved agricultural crops and by providing alternative sources of income through an integrated rural development plan which includes roads, schools, wells and rural electrification. Funds have also been included in the FY 90 budget for Afghanistan in the event that by late 1990 the political situation might permit negotiation of bilateral crop control efforts.

We will continue to support small-scale enforcement programs in Turkey and in African countries in an effort to reduce heroin supplies coming to the United States.

#### Global Support

Interregional Aviation Support. During 1989, interregional aviation support will become increasingly important as Latin American governments intensify eradication and enforcement operations. Airwing assets will be used in Colombia and other countries to eradicate marijuana, and in Guatemala for opium and marijuana eradication. In Peru aircraft will continue to transport eradication workers and equipment and will be used in enforcement operations. In Bolivia assets will continue to be used in interdiction activities. In FY 1990, the program will support the overall maintenance, hangaring, and operational costs for 54 Department-owned aircraft used in aerial and manual eradication, interdiction operations, and survey and logistical support activities. The principal focus will continue to be in the source countries of Peru, Bolivia and Colombia, as well as smaller efforts in Jamaica, Guatemala and Belize, in accordance with INM's airwing strategy.

Interregional Training/Demand Reduction. During 1989, INM funds will be used to train foreign officials in a variety of

law enforcement techniques. Two foreign journalist workshops, sponsored by Voice of America, are scheduled, and INM money is being used to fund the start up of USIA's International Narcotics Information Network (ININ) which will provide U.S. Embassies with direct information links to Washington to facilitate the sharing of public information on drug abuse, trends, policies and U.S. and international anti-drug efforts. Public awareness training courses are also scheduled for host country prevention experts. During FY 90, the Department will provide expanded U.S. Drug Enforcement Administration and U.S. Customs Service training for approximately 2,200 foreign officials from 55-60 countries. This training will include 50 in-country programs, 14 programs conducted in the United States, and 30 Executive Observation Programs. Increased emphasis will be placed on other State-sponsored programs, e.g., maritime interdiction training and narcotic detector dog training.

Our public diplomacy and demand reduction program contributes to international narcotics control by mobilizing support for narcotics control policies and programs in key producing and transiting countries.

International Organizations. In 1989, the Department of State will support ongoing activities of the United Nations Fund for Drug Abuse Control (UNFDAC), the OAS, ASEAN and the Colombo Plan. The FY 1990 budget will provide expanded funding for the United Nations drug control agencies, including the United Nations Fund for Drug Abuse Control (UNFDAC), the Colombo Plan's efforts for regional narcotics control activities, and other drug programs undertaken under the auspices of other international organizations such as the Organization of American States and the Pan American Health Organization.

Program Development and Support. Finally the FY 1989-90 budget provides funds for technical and administrative support for the overall international narcotics program which is not otherwise tied to bilateral projects or specific inter-regional activities. This budget provides funding for Washington-based personnel costs, program development and evaluation, special studies and administrative costs of the bureau.

#### Summary

Many lessons about the overall effectiveness of our international narcotics control programs were learned during 1988. More than ever we understand that persistence and flexibility are crucial to the long-term success of eradication and interdiction programs. Eradication success will not be measured in a single growing season or even two; the true measure of effectiveness in eradication is the unwillingness of farmers to replant once their crops have been destroyed. Interdiction success is not only a function of the number of seizures reported, or laboratories hit but also a function of

the institutional capabilities of host countries to attack all links in the drug chain.

One of the most important tasks ahead is to gain control of the cocaine situation through an integrated program of demand reduction at home, eradication and interdiction. We are at a crossroads in our cocaine strategy: while waiting for Andean Governments to launch widescale coca eradication programs, the United States has had the opportunity to participate in enforcement operations which require paramilitary expertise, not traditionally resident in drug enforcement organizations. Questions abound: Should the U.S. continue to commit resources and personnel to operations in the Andean jungles? Are the right agencies being tasked to carry out these missions?

Whatever decisions are made within the next year, one fact remains clear: we will have only limited success in battling cocaine until we forge a comprehensive, multifaceted strategy which recognizes that cocaine is not simply a law enforcement issue but is also a complex foreign policy and economic matter, requiring a long-term approach.

Our international strategy, reported in detail in last year's report, calls for us to explore the possibility of creating a "Superfund" to provide economic incentives to nations cooperating with the United States in narcotics control. We stated that such a fund could contain as much as \$300 million dollars to be granted to cooperative governments in an effort to bolster their legitimate economies and thus compete against the influence of billions of narcodollars. While such a fund may be considered expensive at a time of limited resources, it is a small amount compared to the huge profits generated by the international drug trade. We also need to explore ways to use Third World debt as a lever in gaining cooperation on drug control issues.

The Anti-Drug legislation of 1988 suggests several actions in the area of international narcotics control including exploration of a multilateral 'strike force', convening a Western hemispheric summit on drugs and the creation of an international cocaine strategy. The Department will review these recommendations during the coming year.

#### COUNTRY AND REGIONAL SUMMARIES: 1988

##### Southwest Asia

Afghanistan, denied certification last year, produced 700-800 metric tons of opium in this past year and remains a principal but politically inaccessible source of opium/heroin for European and U.S. drug markets. Given the current instability in the wake of the Soviet withdrawal, there are no forecasts as to the time and circumstances under which a government in Kabul will attempt to suppress cultivation and



refining. The situation is complicated by the resettlement of Afghan refugees who may turn to opium as a cash crop, increasing the likelihood that production may increase.

India, the world's major producer of licit opium for processing into pharmaceuticals, is of increasing concern to U.S. officials as a transit route for Pakistani and Burmese heroin and for precursor chemicals used in manufacturing heroin. In the last two years, concern has grown over diversion from licit production. India continues to reduce licit production in response to a declining market for opium gum. Diversion is estimated at 60 to 120 metric tons, primarily for domestic consumption. India has long had a sophisticated money laundering system which is but one element in a thriving underground economy. To counter narcotics money laundering, the GOI has adopted new asset forfeiture legislation.

Iran was denied certification last year on grounds of non-cooperation. U.S. officials estimate opium production at 200-400 metric tons. While this amount would not satisfy Iran's domestic addict population, opium and heroin are flowing across Iran from Pakistan and Afghanistan, and exported through Turkey and other routes to Western markets.

Nepal is an increasingly used transit point for heroin produced in Pakistan and the Golden Triangle, some of it routed through Indian and conveyed onward by India traffickers. There is concern that traffic could increase in 1989 with the opening of a new international terminal at the Kathmandu airport. While there is no conclusive evidence of money laundering, there is a thriving market in gold, part of which is believed related to narcotics smuggling.

Pakistan opium production remained high in 1988 (205 metric tons), reflecting political instability in growing areas and the continued expansion of the country's domestic addict population. Spurred by awareness of this problem, which may now include a million heroin addicts, Prime Minister Bhutto has publicly committed her government to a strong anti-narcotics program, including strict enforcement of the poppy ban in all areas. Law enforcement agencies maintained high seizure and arrest rates, but have not pursued major traffickers. One major dealer is awaiting trial in Lahore and another may be extradited to the United States. Money laundering is not a major factor.

Syria is a transit point for illicit narcotics, as well as a heroin refining center. Its military exerts significant influence over Lebanon's Bekaa Valley, allegedly profiting from widespread drug production and trafficking in that area. For these reasons, the U.S. twice denied certification to Syria. However, after a break of more than two years, limited discussions have begun on possible narcotics cooperation, and assistance to Syria on demand reduction/prevention.

### South America

Argentina is of increasing concern as a refining and transit center for cocaine destined for U.S. and European drug markets, and as a source of precursor chemicals. U.S. officials are encouraged by a much improved enforcement effort in 1988 (seizures and arrests doubled), but worry about the increasing importation of Bolivian paste and the expansion of a network of domestic cocaine laboratories. The country has a high potential for money laundering.

Bolivia conducted its first significant eradication campaign in 1987-88, exceeding the initial target of 1,800 hectares, but a 20 percent surge in cultivation spurred by higher leaf prices dwarfed the impact of the voluntary eradication program. Bolivia passed a much-strengthened narcotics law and adopted implementing regulations, and its now-experienced crop control organization has set a target of 5,000 hectares for this year's program, which includes involuntary destruction of seedbeds. The enforcement picture brightened: major trafficker Roberto Suarez was jailed; the INM airwing supported a DEA-assisted interdiction effort that sharply increased seizures of cocaine and paste, and the number of base and cocaine labs destroyed. Bolivia is not a major factor in international money laundering.

Brazil is vital in the cocaine trade as a transit country for Andean traffickers, as a producer of precursor chemicals, and as an emerging coca cultivator. Police conducted two major eradication campaigns in 1988, and demolished eight cocaine labs and seized more than a ton of cocaine. Police also destroyed 5,240 metric tons of cannabis. These high levels of enforcement activity, maintained despite budget constraints, will be enhanced by \$5 million in equipment from UNFEDAC. Brazil is not a major factor in international money laundering.

Colombia deployed its military more extensively in an intensified effort to suppress cocaine refining, and the results were impressive: over 23 metric tons of cocaine seized, more than 800 labs destroyed including 29 major complexes, and about 600,000 gallons of precursor chemicals seized. Colombia has destroyed more than 90 percent of cannabis growing in traditional northern areas, but traffickers have planted extensively in the San Lucas mountains and south in Cauca. Marijuana tonnage increased in 1988 despite an aggressive eradication campaign. Coca cultivation increased above the 1987 level; eradication of 230 hectares was conducted manually. Despite police efforts to harass the Medellin cartel and other trafficking groups, large amounts of cocaine continued to flow to the United States; almost 20 metric tons were seized by U.S. Customs. Overall enforcement remains hampered by a judicial system that has been intimidated by violence. Drug profits flow into and out of Colombia, but money laundering per se is not a major activity.

Ecuador has fallen below the statutory standard as a coca producing source country, but is a transit point for an estimated 30-50 metric tons of cocaine enroute to the U.S., and also a transit country for large quantities of precursor chemicals. Coca leaf production has dropped to 400 metric tons a year, thanks to a vigorous eradication program. New laws are being proposed to curb trafficking in precursor chemicals; police confiscated 1,600 drums of chemicals which could have been used in the production of 16 metric tons of cocaine. While cooperation with U.S. enforcement authorities remains good, judicial corruption and inefficiency are considered program impediments. Some money laundering occurs but is considered minor.

Paraguay: U.S. officials are waiting to see what measures General Rodriguez, the military leader who in February 1989 overthrew former President Stroessner, takes against drugs. Rodriguez in the past has been the subject of numerous allegations of illegal activity, including drug trafficking, which he strongly denies. After years of indifference to narcotics control, Paraguay in 1988 took several significant steps to improve its performance: it signed two narcotics agreements with the United States, including one providing for aerial spraying of marijuana, it adopted tough new legislation on narcotics, and it permitted DEA to open an office in Paraguay. While the GOP authorities made several significant seizures of drugs in 1988, an important measure of the new government's commitment will be its performance in anti-narcotics matters.

Peru conducted a vigorous manual eradication program in 1988 which destroyed 5,130 hectares of coca in four months and, for the first time in any Andean country, eliminated more coca than was planted. In addition, 184,000 square meters of coca seedbeds were destroyed. In 1987, only 355 hectares of coca and 8,000 square meters of seedbeds were eradicated. Fifteen times as many hectares of coca and 23 times as many seedbeds were destroyed in 1988 than in 1987. Peru also continued to test herbicides which could be used aerially against coca. Peru remains the largest cultivator of coca, at more than 115,630 gross hectares, but is primarily a supplier of paste for Colombian cocaine refiners. Enforcement in the Upper Huallaga Valley, the major growing zone, remains quite hazardous. The United States increased its support for interdiction and enforcement efforts, expanding the INM airwing contingent in Peru to nine helicopters, while also expanding the force of DEA agents who assist the enforcement effort.

Venezuela is an important point for the transit of precursor chemicals and cocaine. Marijuana is cultivated along the border with Colombia, apparently by Colombian traffickers; as much as 3,000 metric tons of cannabis may be grown in Venezuela and exported via Colombia.

Central America and Caribbean

The Bahamas continues to be a major transit country for cocaine and marijuana entering the United States, and is an important money laundering center. Cooperation with U.S. enforcement agencies in 1988 is considered good, with numerous joint undercover as well as regular operations including OPBAT underway. U.S. assisted operations resulted in the seizure of more than 10 metric tons of cocaine and more than 13 metric tons of marijuana. Following the arrest of several important traffickers, the GCOB imposed new and more stringent sentencing; it is also more actively investigating corruption, which continues to be a factor affecting operational effectiveness. The Bahamas signed an agreement in accordance with the Chiles Amendment on February 17, 1989.

Belize is no longer a major source country for cannabis, now producing only 120 metric tons a year thanks to a successful US-assisted aerial eradication program. However, it is becoming an increasingly important transit country for cocaine from South America and marijuana from Guatemala. Law enforcement resources are limited but enforcement capabilities are improving. Money laundering is not a factor.

Costa Rica is increasingly important as a cocaine transit country, with estimates that 6-12 metric tons of cocaine are being transported through its territory by air and sea. Authorities remain vigilant to the possibility of labs being established; but no new labs were found in the last two years. Cannabis cultivation appears to be less extensive than previously estimated and the export trade is a minor enterprise. Costa Rica is not a major money laundering center although a highly publicized money laundering trial has focussed attention on the issue.

Cuba sits amidst some of the primary drug routes into the United States and aircraft and seacraft are reportedly eluding U.S. agents by entering Cuban territorial waters or airspace. In the past, U.S. officials have accused Cuban officials of involvement, and indictments were returned against four ranking officials in 1982. Cuban authorities have publicly expressed an interest in anti-drug cooperation with the United States, but have not elaborated on what kind of cooperation they envision.

The Dominican Republic has become an ideal staging area and refueling stop for traffickers smuggling cocaine into the United States. Some marijuana is also transhipped by traffickers, who are attracted by the island's 63 airstrips. The government ranks the drug problem as a major priority, and in 1988 passed tough new anti-drug legislation which imposes mandatory sentences. The very effective Joint Information Coordination Center, vital to the monitoring of drug traffic through that part of the Caribbean can serve as a model for other countries. Money laundering is not a problem.

Guatemala increased in importance to the U.S. drug situation as major amounts of opium and marijuana were produced during the past year. U.S. officials estimate that as much as 150 kilograms of heroin are smuggled into the United States, probably under control of Mexican traffickers. Guatemala is also important to the cocaine trade, serving as a transit point for narcotics headed for Florida, Louisiana and Texas and for precursor chemicals destined for South America. Guatemala has conducted effective eradication efforts, and cooperates with U.S. officials on a chemical tracking program and interdiction efforts. Money laundering is not a major factor.

Haiti improved its drug interdiction efforts in 1988, despite two coups and four governments. The Avril government improved the climate for cooperation. Seizures increased substantially in 1988, thanks in part to a new Center for Information and Coordination at Port au Prince airport, but the volume of trafficking remains beyond the capability of the narcotics police. U.S. enforcement agencies are concerned that the uncertain situation in Haiti and lack of strong control by the central government has led to the increasing use of Haitian waters and Haitian-registered vessels for the transshipment of cocaine. Although corruption remains a problem, the Avril government did remove from service a number of military officers suspected of involvement. There is little information on money laundering activity.

Honduras is a transshipment point for Colombian cocaine. The key event of 1988 was the arrest and expulsion of Mstts Ballesteros, a major Honduran trafficker with Colombian connections; he is now imprisoned in the U.S. Honduras signed a bilateral anti-narcotics agreement with the United States last November, accentuating the cooperation evident in the opening of a permanent DEA office last May and in cooperation on seizures and investigations. While there have not been the dramatic seizures that occurred in 1987, U.S. and Honduran authorities collaborated on a seizure of 453 kilograms last August. There was also cooperation on operations that deal with the U.S. Coast Guard.

Jamaica has reduced marijuana production dramatically, from a high of 1,755 metric tons in 1986 to 405 metric tons in 1988. The island is also a transit point for cocaine; traffickers are now paying for services in kind, increasing the amount of cocaine available for Jamaican consumption. Money laundering does not appear to be a major problem, with most drug proceeds being laundered elsewhere. Cooperation with U.S. authorities remains quite good on the vigorous eradication campaign as well as interdiction and investigations. Seizures dropped below 1987 levels, but a number of improvements, including new procedures and expanded training, are in place for 1989 to enhance the enforcement effort. Heavy fines have been levied by U.S. Customs on airlines and shipping firms whose vessels have been used to smuggle narcotics out of Jamaica.

Mexico expanded the scope of opium and marijuana eradication programs, while taking steps to improve operational efficiency. Cocaine seizures rose sharply. Still, Mexico remained the largest single country source for heroin, the second largest source for marijuana and a leading transit point for cocaine. Newly elected President Carlos Salinas de Gortari has made anti-narcotics programs a national priority for his new government, and the Attorney General's budget for 1989 will exceed \$26 million, up from \$19.5 million in 1987. A strong, positive tone for bilateral relations was set in an early meeting between then President-elect Bush and Mr. Salinas, and the U.S. government, anticipating continued improvements in the program, is prepared to cooperate with Salinas on these enhancements. However, U.S. officials are concerned about the inhibiting effects of corruption throughout the program. U.S. enforcement agencies continue to monitor instances of drug-related corruption within Mexico.

Nicaragua continues to be mentioned by informants and traffickers as a cocaine transit point. In 1986 there were accusations that top government officials engaged in trafficking. Nicaragua is now cooperating with Costa Rica on drug matters, but not with U.S. enforcement agencies.

Panama was denied certification in 1988, following the indictments of General Noriega by two U.S. grand juries on charges of narcotics trafficking. Despite being fired by the lawful President of Panama in 1988, Noriega illegally remains in control of the Panamanian Defense Forces. Panama continues to be a principal money laundering center for the South American cocaine trade, and a transit site for cocaine and precursor chemical shipments. Noriega's defiance of President Delvalle and continued control of Panama's police forces prevents President Delvalle from effectively implementing his policy of full cooperation with the U.S. While some minimal cooperation continues between Noriega and DEA on a limited number of enforcement matters, cooperation on money laundering has bogged down since Noriega's indictment. President Delvalle's Government continues to allow boarding of Panamanian flag vessels by U.S. narcotics officials. U.S. prohibition on aid to the Noriega-Solis regime continue.

#### Europe and Middle East

Bulgaria is a vital transit country for heroin smuggled along the Balkan truck route from Southwest Asia and the Middle East. Although known traffickers were previously operating openly in Sofia, as a consequence of pressure from the USG and other European states, the Bulgarians have restricted these activities. There has also been some improvement in Bulgarian cooperation with U.S. law enforcement agencies. A recent investigation involving laundering large amounts of drug money through Switzerland revealed the involvement of Bulgarian nationals. There is no restriction on the amount of foreign exchange that can be brought into Bulgaria by foreign nationals if these monies are properly documented.

Cyprus is central to the drug trade in the Middle East and especially from Lebanon. Traffickers use Cyprus as a site for brokering deals, and also for exchanges of cash and narcotics. The banking system is not involved in the money exchanges. Cooperation with U.S. agencies is considered good.

Egypt is an important consumer of opium, heroin and hashish, supporting production in Asia and the Middle East, and is increasingly important as a transit point for drugs intended for European and U.S. markets. Heroin moves from both Southwest and Southeast Asia, as well as Lebanon and Syria which are also the principal suppliers of hashish. Egyptian police seized four metric tons of opium and 300 kilograms of heroin in a Suez Canal operation in 1988, among the largest seizures ever made outside of an opium source country. Some money laundering occurs but most profits flow abroad.

Greece is an important transit point due to its location at the commercial crossroads between Europe and the Middle East, its long coastline and sparsely populated islands and extensive merchant marine facilities contribute to its role in the international drug trade. Heroin transits Greece enroute Europe and the United States. Police increased their effectiveness in 1988, particularly in interdicting drugs at the Athens airport.

Lebanon, which was given a national interest certification in 1988, continues to be a major narcotics producing and trafficking country, supplying heroin to Europe and the United States, as well as hashish to the Middle East and Western countries. The assessment of Lebanon takes into account the limited control of the central government: Syria controls an estimated 65 percent of the country, including the strategic Bekaa Valley where crops are cultivated and processed and trafficking originates.

Turkey: Traffickers take advantage of this land bridge between Asian producers and European/US consumers to smuggle heroin and hashish. Some heroin is also refined in Turkey. There are reports of increased heroin/morphine smuggling across the Iranian frontier into Turkey. Authorities dramatically increased seizures in 1988, and successfully targeted several smuggling operations. Turkey produces concentrate of poppy straw, and continues to be very effective in preventing diversion from its licit program.

#### Southeast Asia

Burma's political turmoil has grounded its large-scale aerial eradication program until an effective government is seated in Rangoon. Traffickers capitalized on diminished enforcement efforts to smuggle large quantities of opium and heroin with little interference. The prospect for 1989 is grim: with highly favorable climatic conditions and the suspension of programs to destroy crops or seize shipments of

drugs or precursor chemicals from China, Thailand and India, traffickers may harvest and move as much as 1,400 metric tons of opium to heroin refiners in Southeast Asia. Money laundering is not a factor.

The People's Republic of China does not produce significant amounts of illicit narcotics but U.S. officials are increasingly concerned about the transshipment of Golden Triangle heroin through southern China to Hong Kong and traffic in precursor chemicals into the Triangle. The Chinese government is responsive to these developments, ironically resulting from its own "openness policy" and is particularly concerned about indications of re-established Triad influence in southern China. A new law controlling precursor chemicals was enacted in December, 1988, as part of a reinvigorated enforcement effort. China sent police officials to the U.S. to give evidence in the "Goldfish" heroin case.

Hong Kong is both the financial and money laundering center of the Far East narcotics trade and an important transit center for Golden Triangle heroin destined for Australia, Canada, the U.S. and Europe. Hong Kong police, who made record heroin seizures and arrested a number of key traffickers in 1988, believe that as much as half the heroin seized came overland through China. A high degree of cooperation exists with U.S. officials. Hong Kong is moving forward with legislation enabling the courts to trace, freeze and seize proceeds of drug trafficking, and is considering a U.S. proposed Mutual Legal Assistance Agreement.

Indonesia is a transit site for heroin, opium, hashish and precursor chemicals. Heroin is exported to Australia, New Zealand and Western Europe; the amounts reaching U.S. markets are not considered significant. New interest focuses on Bali; Western Europeans are heavily involved in the increasing traffic from this major resort area, which is augmented by the high number of international flights. Money laundering is not a factor.

Laos is the only country to date for which the extensive involvement of military and government officials led to accusations that the government is facilitating narcotics trafficking during the corruption review required by Section 2013, P.L. 99-570. The Lao Government has made repeated efforts in the past year to convince U.S. officials of its intention to curb illicit narcotics production and trafficking. However, U.S. officials believe that opium production continues to expand, and could be approaching the 300 metric ton mark, and that heroin refining continues. Laos is exporting heroin and marijuana through Thailand, Vietnam and China. The government has welcomed U.S. consultations on narcotics and a United Nations narcotics related crop substitution program.



Malaysia is an important heroin conversion and transit center, exporting primarily to Europe and Australia. Plagued by drug abuse among its own population and concerned by the dominance of criminal elements in the trade, Malaysia considers drug trafficking a national security problem and has the death penalty for traffickers. A strong domestic enforcement program which drove heroin seizures up by 700 percent seems to have reduced drug availability in 1988, and a new property forfeiture act provides a vital new weapon, but the expected bounty of opium coming from the Golden Triangle in 1989 will put the country's forces to a test.

The Philippines exports locally grown and Thai marijuanas and is also a transit point for Golden Triangle heroin and South American cocaine smuggled into Guam, Australia, Europe and the United States. Foreigners are still principals in the trade but Filipino groups have also emerged. Filipino police conducted more than 1,000 narcotics raids in 1988, and made important seizures and arrests, but the enforcement effort, which the U.S. assists, is hampered by budget and structural restraints.

Singapore, which is a transshipment point for Southeast Asian heroin, and has high potential for money laundering, cooperates with U.S. officials in monitoring and intercepting international drug traffic. Singapore officials are especially worried about domestic drug use.

Thailand has reduced opium cultivation to about 28 metric tons, but remains significant as a refiner of heroin and conduit for opium/heroin from other sources in the Golden Triangle. High quality Thai marijuana is exported to the U.S. and other markets and there is also an active trade in precursor chemicals. The Royal Thai Government counters these efforts with a vigorous enforcement program that doubled heroin seizures in 1988, while also seizing increased amounts of opium, morphine and marijuana. Thailand is also an important money flow country.

## Africa

Cote d'Ivoire continues to suppress marijuana cultivation, which is not a factor on the international market, while trying to cope with a continued flow of heroin, cocaine and marijuana transiting Abidjan enroute to Europe and sometimes the United States.

Kenya is of increasing importance as a transit point for Southwest Asian heroin enroute to West Africa, Europe and the United States. Local consumption of heroin is increasing. Small amounts of marijuana are cultivated and consumed locally. New anti-drug legislation should be adopted in 1989. U.S. officials concentrate on raising awareness of these problems with Kenyan officials, and have provided some commodity support, as well as training and technical assistance.

Morocco is a source of cannabis and hashish, primarily for European and African markets, and also a transit point for heroin and cocaine. Cannabis cultivation is increasing as is domestic consumption. The effect on the U.S. market is considered insignificant. A United Nations funded crop substitution project should begin in 1989.

Nigeria is a major heroin transit country, a principal link between Southwest Asian producers and consumer markets in Europe and the United States. Cocaine from South America is also smuggled through Nigeria en route to Europe. Improved enforcement at Lagos airport has caused some diversion of heroin to other West African cities, then back to Nigeria through land routes. U.S. officials provide training and technical assistance.

Senegal is primarily concerned with an expanding domestic drug problem, but some trafficking in narcotics is occurring, which has prompted increased police action.

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Mr. HUGHES. Mr. Daniels, welcome.

**STATEMENT OF ANTHONY E. DANIELS, ACTING ASSISTANT DIRECTOR, CRIMINAL INVESTIGATIVE DIVISION, FEDERAL BUREAU OF INVESTIGATION**

Mr. DANIELS. Thank you, Mr. Chairman and members of the subcommittee. I appreciate the opportunity to appear before you today to discuss the FBI's role in international drug enforcement and in the interdiction of drugs reaching our borders from foreign sources.

Based on my two colleague's statements here, I think I'll also cut this extremely short. Since 1986, the FBI's role in domestic drug enforcement has been focused by our national drug strategy.

We target and attack only the major drug trafficking organizations that control a significant segment of regional or national drug markets. Many are international drug organizations that are routed in foreign soil.

I have, Mr. Chairman, submitted a copy of my statement for the record. I would also be happy to answer any questions.

Mr. HUGHES. Thank you, Mr. Daniels. Each of the statements, without objection, will be made a part of the record in full.

[The prepared statement of Mr. Daniels follows:]

PREPARED STATEMENT OF ANTHONY E. DANIELS, ACTING ASSISTANT DIRECTOR,  
CRIMINAL INVESTIGATIVE DIVISION, FEDERAL BUREAU OF INVESTIGATION

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE, I APPRECIATE THE OPPORTUNITY TO APPEAR BEFORE YOU TODAY TO DISCUSS THE FBI'S ROLE IN INTERNATIONAL DRUG ENFORCEMENT AND IN THE INTERDICTION OF DRUGS REACHING OUR BORDERS FROM FOREIGN SOURCES.

I WILL FIRST DISCUSS OUR INVOLVEMENT IN FOREIGN DRUG INVESTIGATIONS AND THE FBI'S STRATEGY AND ACCOMPLISHMENTS IN THAT AREA. I WILL ALSO DISCUSS THE FBI'S ROLE IN DRUG MONEY LAUNDERING INVESTIGATIONS AND THEIR INTERNATIONAL IMPLEMENTATIONS. FINALLY, I WILL ADDRESS THE FBI'S LIMITED YET IMPORTANT ROLE IN INTERDICTION ACTIVITIES AND THE NATURE OF OUR RELATIONSHIP WITH THE PRINCIPAL INTERDICTION AGENCIES, THE U.S. CUSTOMS SERVICE AND THE U.S. COAST GUARD.

AS THE COMMITTEE IS AWARE, THE FBI IS A MULTIMISSSION AGENCY CHARGED WITH INVESTIGATING OVER 200 SEPARATE VIOLATIONS OF FEDERAL LAW. IT WAS WITHIN THIS CONTEXT THAT ON JANUARY 28, 1982, THEN ATTORNEY GENERAL WILLIAM FRENCH SMITH DELEGATED CONCURRENT JURISDICTION FOR THE ENFORCEMENT OF FEDERAL CRIMINAL DRUG LAWS TO THE FBI. RECOGNIZING THE INCREASING SOPHISTICATION OF DRUG CARTELS, ATTORNEY GENERAL SMITH WANTED THE FBI TO APPLY TO DRUG ENFORCEMENT THE SAME EXPERTISE AND INVESTIGATIVE TECHNIQUES THAT WE'VE USED SO SUCCESSFULLY OVER THE YEARS AGAINST TRADITIONAL ORGANIZED CRIME. HE SPECIFICALLY MENTIONED THE FBI'S ABILITY IN INVESTIGATING LONG-TERM CASES USING ELECTRONIC SURVEILLANCE, COMPLEX UNDERCOVER OPERATIONS AND OUR EXPERIENCE IN ADDRESSING PUBLIC CORRUPTION AND MONEY LAUNDERING.

THE LEVEL OF INVOLVEMENT OF DRUG TRAFFICKING ORGANIZATIONS IN CORRUPTION, FINANCIAL INVESTMENTS AND ASSET MANAGEMENT, BOTH HERE AND ABROAD, HAS INCREASED GEOMETRICALLY.

CARTELS TRADITIONALLY ASSOCIATED WITH A SINGLE DRUG MARKET HAVE BROADENED THEIR BASE OF SALES IN THE FACE OF DECLINING COCAINE PROFITS STEMMING FROM INCREASED COMPETITION WITHIN THE DRUG TRADE AND INCREASED PRESSURES FROM LAW ENFORCEMENT AND INTERDICTION ACTIVITIES. MEXICAN TRAFFICKING ORGANIZATIONS HAVE ADAPTED AGE-OLD SMUGGLING ROUTES OF TRADITIONAL COMMODITIES SUCH AS MARIJUANA AND HEROIN AND ARE USING THESE ROUTES FOR IMPORTING COLOMBIAN COCAINE. THE SICILIAN MAFIA AND LA COSA NOSTRA (LCN) HAVE REACHED OUT TO COLOMBIAN CARTELS TO EXCHANGE SOUTHEAST ASIAN HEROIN FOR COCAINE TO IMPORT TO EUROPE WHERE PRICES FOR THAT DRUG STILL PROVIDE AN EXORBITANT RETURN ON INVESTMENT. I AM CERTAIN THAT NONE OF THIS IS NEWS TO THE SUBCOMMITTEE. WHAT WAS ONCE A NEIGHBORHOOD DRUG PROBLEM HAS BECOME A GLOBAL DRUG EPIDEMIC.

SINCE 1986, THE FBI'S ROLE IN DOMESTIC DRUG ENFORCEMENT HAS BEEN FOCUSED BY OUR NATIONAL DRUG STRATEGY. WE TARGET AND ATTACK ONLY THE MAJOR DRUG-TRAFFICKING ORGANIZATIONS THAT CONTROL A SIGNIFICANT SEGMENT OF REGIONAL OR NATIONAL DRUG MARKETS. MANY ARE INTERNATIONAL DRUG ORGANIZATIONS THAT ARE ROOTED ON FOREIGN SOIL. THE LEADERSHIP OF THESE CARTELS AND THEIR FIRST LIEUTENANTS SEEM TO THRIVE IN THE ATMOSPHERE OF FOREIGN COUNTRIES EITHER UNABLE OR UNWILLING TO STOP THE FLOW OF DRUGS AT THEIR SOURCE. THE PROBLEM IS COMPOUNDED, UNFORTUNATELY, BY AMERICA'S SEEMINGLY INSATIABLE DEMAND FOR ILLICIT DRUGS.

THE ATTORNEY GENERAL, IN 1982, RECOGNIZED THE NEED TO COORDINATE EFFORTS IN FOREIGN DRUG INVESTIGATIVE OPERATIONS. AT THE SAME TIME, THE FBI ALSO REAFFIRMED OUR LONG-STANDING RELATIONSHIP DEVELOPED WITH LAW ENFORCEMENT AGENCIES IN CANADA

AND ITALY THROUGH OUR TRADITIONAL LCN INVESTIGATIONS. IN ORDER TO PRESERVE THESE OPEN AND EFFECTIVE LINES OF COMMUNICATION WITH CANADIAN AND ITALIAN LAW ENFORCEMENT, THE FBI HAS CONTINUED TO CONDUCT DIRECT LIAISON ACTIVITIES IN ALL INVESTIGATIVE OPERATIONS WITH LAW ENFORCEMENT ENTITIES IN THOSE TWO COUNTRIES. IN OTHER NATIONS, THE FBI'S UNILATERAL INVOLVEMENT IN A DOMESTIC DRUG CASE THAT DEVELOPS A FOREIGN SOURCE COUNTRY NEXUS--AND THESE ARE A SUBSTANTIAL MAJORITY OF OUR 2,500 CASES--WE REQUEST DEA REPRESENTATIVES ABROAD TO CONDUCT DIRECT LIAISON ON OUR BEHALF. DEA'S COORDINATIVE, OVERSEAS ROLE IS DOCUMENTED IN AN IMPLEMENTATION DIRECTIVE AGREED UPON IN 1982.

THE FBI'S RECENTLY CONCLUDED "CAT-COM" INVESTIGATION IS ILLUSTRATIVE OF A COLLABORATIVE, INTERNATIONAL EFFORT AMONG THE FBI, DEA, THE U.S. CUSTOMS SERVICE AND THE U.S. COAST GUARD. AS A RESULT OF THIS COLOMBIAN COCAINE CARTEL INVESTIGATION, 5½ TONS OF COCAINE WERE EITHER SEIZED OR OTHERWISE LINKED TO THE SUBJECTS OF THIS INVESTIGATION. OVER 1,400 KILOGRAMS OF COCAINE INCLUDED IN THAT FIGURE WERE SEIZED BY MEXICAN AUTHORITIES, AND OVER 550 KILOGRAMS WERE JETTISONED FROM A MOTHERSHIP OFF THE COAST OF CUBA AND WERE RECOVERED BY THE U.S. COAST GUARD.

THE FBI'S TARGETING OF ASIAN TRAFFICKING ORGANIZATIONS HAS ALSO PRODUCED FOREIGN ASPECTS TO DOMESTICALLY INITIATED INVESTIGATIONS. ONCE CONSIDERED "EMERGING GROUPS," ASIAN TRAFFICKING ORGANIZATIONS ARE NOW TARGETED AS PART OF OUR NATIONAL DRUG STRATEGY ALONG WITH THE MOST INFLUENTIAL COLOMBIAN, MEXICAN AND ITALIAN ORGANIZATIONS POSING THE GREATEST THREAT TO THE UNITED STATES. OUR "WHITEMARE" INVESTIGATION, FOR INSTANCE,

INVOLVING THE PARTICIPATION OF OTHER FEDERAL AGENCIES AND NEARLY 100 LAW ENFORCEMENT PERSONNEL IN THE UNITED STATES, CANADA AND HONG KONG, RECENTLY RESULTED IN THE SEIZURE OF 820 POUNDS OF HEROIN IN NEW YORK--THE LARGEST LAND BASED SEIZURE OF HEROIN EVER RECORDED IN THIS COUNTRY. THE STREET VALUE OF THIS SEIZURE ALONE IS NEARLY \$1 BILLION. TWENTY-SIX MAJOR CONSPIRATORS WERE ARRESTED IN THE U.S. AND 18 OTHERS WERE ARRESTED IN HONG KONG, CALGARY AND VANCOUVER. AGAIN, CLOSE COORDINATION AND AN ESTABLISHED WORKING RELATIONSHIP WITH FEDERAL AND FOREIGN DRUG LAW ENFORCEMENT AGENCIES WERE ABSOLUTELY ESSENTIAL TO THE SUCCESS OF THIS INVESTIGATION.

THE FBI'S ATTACK ON THE SICILIAN MAFIA IS PERHAPS THE FINEST EXAMPLE OF OUR DIRECT LIAISON CAPABILITIES IN THE FOREIGN DRUG ENFORCEMENT ARENA. THE FBI'S RELATIONSHIP WITH ITALIAN LAW ENFORCEMENT BEGAN WITH AN INFORMAL EXCHANGE OF MUTUALLY BENEFICIAL INTELLIGENCE INFORMATION RELATING TO THE LCN AND SICILIAN MAFIA. AS COOPERATION AND COMMUNICATION INCREASED BETWEEN ITALY AND THE UNITED STATES, WE SOON REALIZED THAT DIFFERING LEGAL SYSTEMS AND INVESTIGATIVE METHODS OCCASIONALLY PRODUCED LESS THAN FULLY SUCCESSFUL RESULTS. A MEETING IN 1982 WITH ITALIAN LAW ENFORCEMENT OFFICIALS AT THE FBI ACADEMY IN QUANTICO, VIRGINIA PRODUCED AN INFORMAL WORKING GROUP THAT EVENTUALLY LED TO THE FORMATION OF THE JOINT ITALIAN/AMERICAN WORKING GROUP.

THE ITALIAN/AMERICAN WORKING GROUP, INITIATED BY THE FBI, AND SUPPORTED BY DOJ AND OTHER FEDERAL ENFORCEMENT AGENCIES HAS BEEN AN ESSENTIAL ELEMENT IN THE DEVELOPMENT OF OUR MOST

SUCCESSFUL INVESTIGATIONS OF THE SICILIAN MAFIA DRUG ORGANIZATIONS. INVESTIGATIONS SUCH AS THE FOUR-YEAR "PIZZA CONNECTION" CASE, THE SICILIAN MAFIA DRUG CONNECTION CASE, GENERALLY KNOWN AS "PIZZA II," AND THE "BUSICO" INVESTIGATIONS WOULD UNLIKELY HAVE REACHED THEIR FULL POTENTIAL WITHOUT THE COOPERATION OF ITALIAN LAW ENFORCEMENT AND, SPECIFICALLY THE ITALIAN/AMERICAN WORKING GROUP. IN ADDITION TO 145 ARRESTS MADE IN THIS COUNTRY, OVER 250 ARRESTS WERE EFFECTED IN ITALY AND SPAIN BY FOREIGN POLICE AGENCIES AS A RESULT OF THESE THREE CASES. THE FBI WAS FULLY SUPPORTED THROUGHOUT THESE LONG AND ARDUOUS INVESTIGATIONS BY OTHER FEDERAL, STATE AND LOCAL LAW ENFORCEMENT AGENCIES.

THESE CASES, I BELIEVE, ARE ILLUSTRATIVE OF THE FBI'S COORDINATED ROLE IN FOREIGN DRUG ENFORCEMENT. THE STATISTICAL RESULTS ARE IMPRESSIVE, BUT THE BENEFITS GAINED BY OUR CLOSE WORKING RELATIONSHIP WITH ITALIAN AND CANADIAN LAW ENFORCEMENT TRANSCENDS THE NUMBER OF ARRESTS, INDICTMENTS AND THE DOLLAR VALUE OF PROPERTY SEIZED AND FORFEITED. THE FBI'S CONTINUED ASSOCIATION WITH DEA IN CONDUCTING INVESTIGATIONS IN MEXICO, COLOMBIA AND OTHER SOUTH AMERICAN COUNTRIES THROUGH DEA COUNTRY ATTACHES CONTINUES TO BE MUTUALLY BENEFICIAL TO BOTH AGENCIES.

I KNOW THAT THIS COMMITTEE IS KEENLY AWARE OF THE VAST QUANTITIES OF DRUGS CROSSING OUR BORDERS. DRUG TRAFFICKING TODAY IS A BUSINESS AND, LIKE ANY BUSINESS, CARRIES A BALANCE SHEET--A LEDGER, IF YOU WILL. ON ONE SIDE OF THIS LEDGER, THE CORPORATE PRODUCTS--COCAINE, HEROIN AND MARIJUANA--FLOW IN. AND ON THE OTHER SIDE, THE PROFITS FLOW OUT. MONEY LAUNDERING, LIKE DRUG



TRAFFICKING, IS NO LONGER A COTTAGE INDUSTRY. ENTIRE SUBSIDIARIES AND INDEPENDENT ORGANIZATIONS HAVE BEEN BROUGHT INTO EXISTENCE TO CONCEAL, TRANSPORT AND INVEST THE ILLEGAL PROFITS OF THE DRUG TRAFFICKING MACHINE. NEW LEGISLATIVE INITIATIVES, THE MONEY LAUNDERING ACT AND THE ANTI-DRUG ABUSE ACT OF 1988, HAVE GIVEN LAW ENFORCEMENT NEW WEAPONS TO DEPLOY IN THE BATTLE AGAINST DRUGS.

THE FBI HAS ADAPTED ITS MANY YEARS OF FINANCIAL CRIMES INVESTIGATIVE EXPERIENCE TO THIS NEW CHALLENGE. THE CASHWEB/EXPRESSWAY INVESTIGATION WAS A THREE-YEAR EFFORT INTO THE REALM OF MONEY LAUNDERING CRIMINAL ENTERPRISES. WITH THE SUPPORT OF THE U.S. CUSTOMS SERVICE AND OVERSEAS ASSISTANCE FROM DEA, THE FBI IDENTIFIED NEARLY \$300 MILLION IN COLOMBIAN DRUG PROCEEDS AND SEIZED 2,000 POUNDS OF COCAINE, 22,000 POUNDS OF MARIJUANA, \$22.5 MILLION IN CASH, 57 VEHICLES AND THREE RESIDENCES. OVER 114 CONSPIRATORS WERE INDICTED ON FEDERAL AND STATE CHARGES OF DRUG OR MONEY LAUNDERING VIOLATIONS AND DRUG PROCEEDS WERE TRACED TO PANAMA, EUROPE AND SOUTH AMERICA.

THE RECENTLY CONCLUDED "POLAR CAP" INVESTIGATION, WHICH LASTED OVER A YEAR, IS AN EXCELLENT EXAMPLE OF THE RESULTS THAT CAN BE EXPECTED FROM A SUSTAINED ATTACK ON A MONEY LAUNDERING ORGANIZATION THROUGH A MULTIAGENCY APPROACH. OPERATION POLAR CAP MARKED THE FIRST TIME IN FEDERAL LAW ENFORCEMENT HISTORY THAT FOUR MAJOR FEDERAL INVESTIGATIVE AGENCIES WORKED TOGETHER AT THE NATIONAL AND INTERNATIONAL LEVELS ON SUCH AN EXTENSIVE CRIMINAL ENTERPRISE. TWO WHOLESALE JEWELRY COMPANIES, ROPEX IN NEW YORK AND LOS ANGELES, AND ANDONIAN BROTHERS, INCORPORATED, OF

LOS ANGELES HAVE BEEN CHARGED WITH LAUNDERING HUNDREDS OF MILLIONS OF DOLLARS IN DRUG PROCEEDS. A COMPLEX SCHEME WAS EMPLOYED IN WHICH ENORMOUS AMOUNTS OF CASH WERE DELIVERED TO JEWELRY STORE "FRONTS" THEN SHIPPED CROSS-COUNTRY IN ARMORED CARS TO ANDONIAN AND ROPEX. ACCORDING TO INDICTMENTS FILED IN LOS ANGELES, THIS CASH WAS ULTIMATELY WIRE-TRANSFERRED TO BANK ACCOUNTS IN SOUTH AMERICA UNDER THE GUISE OF LEGITIMATE BUSINESS TRANSACTIONS.

OPERATION "POLAR CAP" INVOLVED FOUR FEDERAL AGENCIES, EACH EMPLOYING ITS OWN SPECIAL TALENTS AND EXPERTISE IN AN INVESTIGATION COVERING SIX STATES AND 14 FOREIGN COUNTRIES. OVER 30 SUBJECTS WERE ARRESTED AND NEARLY \$44.5 MILLION IN ASSETS HAVE BEEN SEIZED. OPERATION "POLAR CAP" IS A CLEAR AND DECISIVE DEBIT ON THE LEDGERS OF THE DRUG MONEY LAUNDERING BUSINESS.

THE FBI TAKES AN ACTIVE ROLE IN INTERDICTION ACTIVITIES WHEN OUR INVESTIGATIONS PRODUCE TACTICAL INTELLIGENCE DIRECTLY RELATING TO SMUGGLING OF CONTROLLED SUBSTANCES INTO THE U.S. THE "CAT-COM" INVESTIGATION THAT I HAVE ALREADY MENTIONED IS AN EXCELLENT EXAMPLE OF AN FBI-LED, EXTENDED UNDERCOVER OPERATION THAT PRODUCED TANGIBLE INTERDICTION RESULTS. IT IS NOT THE SEIZURE OF 1,400 KILOGRAMS OF COCAINE THAT IS MOST SIGNIFICANT. GRANTED, THE SEIZURE PREVENTED A SIGNIFICANT AMOUNT OF COCAINE FROM ENTERING THE DISTRIBUTION CHAIN AND, AT THE SAME TIME, WE PRESERVED THE INTEGRITY OF THE UNDERCOVER OPERATION BY DISGUISED THE SEIZURE AS A "COLD HIT." BUT, MORE IMPORTANTLY, LEADERS OF MAJOR DRUG IMPORTATION AND DISTRIBUTION NETWORKS HAVE BEEN ARRESTED AND WILL BE PROSECUTED.

AS PART OF THE LARGER PICTURE, THE FBI'S GOAL IN DRUG LAW ENFORCEMENT IS TO IDENTIFY, INVESTIGATE AND SUPPORT THE PROSECUTION OF THE TOTAL TRAFFICKING ORGANIZATION. DRUGS, IN ANY FORM, ARE AN INFINITELY REPLENISHABLE COMMODITY. LEADERS AND MANAGERS OF A DRUG ORGANIZATION AND THE ASSETS GENERATED AND CONTROLLED BY THESE LEADERS ARE NOT INFINITELY REPLENISHABLE. IN THE "CAT-COM" INVESTIGATION, OVER 90 PEOPLE WERE INDICTED, AND \$1 MILLION IN CASH AND OVER \$4 MILLION IN ASSETS SEIZED. THE "CAT-COM" CASE, AND CASES LIKE IT, EPITOMIZE WHAT FEDERAL DRUG ENFORCEMENT AND INTERDICTION AGENCIES CAN AND SHOULD BE DOING TO REDUCE THE DOMESTIC SUPPLY OF DRUGS IN THIS COUNTRY.

IN MANY INSTANCES, THE FBI DEVELOPS RELIABLE INFORMATION THAT IS NOT DIRECTLY ASSOCIATED WITH AN ONGOING INVESTIGATION. THIS RAW INTELLIGENCE IS PROMPTLY PROVIDED TO THE U.S. CUSTOMS SERVICE, THE U.S. COAST GUARD AND DEA EITHER BY DIRECT REFERRAL OR THROUGH THE EL PASO INTELLIGENCE CENTER. DURING FISCAL YEAR 1987, INTERDICTION EFFORTS BASED ON FBI INFORMATION RESULTED IN THE SEIZURE OF OVER 2,600 KILOGRAMS OF MARIJUANA AND OVER 1,000 KILOGRAMS OF HASHISH. IN FISCAL YEAR 1988, OUR EFFORTS PRODUCED OVER 8,000 KILOGRAMS OF COCAINE, 17 KILOGRAMS OF HEROIN, 125,000 KILOGRAMS OF MARIJUANA AND NEARLY 40,000 KILOGRAMS OF HASHISH.

IT IS INTERESTING TO NOTE THAT INCREASED SEIZURES OF DRUGS ARE OFTEN ATTRIBUTED SOLELY TO THE INCREASE IN THE SUPPLY OF DRUGS. WHILE THE AVAILABILITY HAS CERTAINLY INCREASED, THE INTERDICTION OF NEARLY FOUR TIMES THE WEIGHT OF COCAINE FROM ONE FISCAL YEAR TO THE NEXT IS IN PART A RESULT OF BETTER

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COMMUNICATIONS AND COOPERATION BETWEEN AGENCIES AND MORE ACTIVE AND ACCURATE INTELLIGENCE GATHERING AND ANALYSES BY OUR AGENCIES.

DRUG ORGANIZATIONS ARE NO LONGER CRUDE, UNSOPHISTICATED GROUPS WITH A SINGLE FOCUS. THEY HAVE BECOME GLOBAL CONGLOMERATES, CREATING SUBSIDIARY COMPANIES FOR DRUG PRODUCTION, TRANSPORTATION AND SALES. SEPARATE ENTITIES HAVE BEEN DESIGNED TO LAUNDER THE PROCEEDS AND INVEST THE PROFITS. OTHERWISE LEGITIMATE CONCERNS HAVE BEEN DESTABILIZED AND GOVERNMENTS CORRUPTED BY THE UNHEARD OF WEALTH AT THE DISPOSAL OF DRUG CHIEF EXECUTIVE OFFICERS LIKE JUAN DAVID OCHOA.

DRUG ENFORCEMENT HAS MANY AVENUES. INTERDICTION IS NECESSARY. ERADICATION OF CROPS AT THE SOURCE AND SEIZURE OF THE PRODUCTION FACILITIES, THE CLANDESTINE LABORATORIES, ARE IMPORTANT ELEMENTS. ULTIMATELY, THERE IS NO SINGLE SOLUTION. INVESTIGATION OF THE TOTAL DRUG ORGANIZATION-- AN ATTACK ON THE ILLEGAL ENTERPRISE AS A WHOLE--MUST BE SUSTAINED. THIS IS THE FBI'S OBJECTIVE IN DRUG LAW ENFORCEMENT: DISMANTLE THE DRUG ORGANIZATION, ARREST THEIR LEADERSHIP, AND SEIZE AND FORFEIT THEIR ILL-GOTTEN GAINS. DRUG TRAFFICKING IS MUCH MORE THAN THE SMUGGLING AND DISTRIBUTION OF NARCOTICS, IT'S MONEY LAUNDERING, EXTORTION, MAIL AND WIRE FRAUD, PUBLIC CORRUPTION AND MANY MORE CRIMINAL ACTS IN WHICH THE FBI HAS DECADES OF INVESTIGATIVE EXPERIENCE. IN THIS, THE FBI IS UNIQUE AND ADDS YET ANOTHER DIMENSION TO OUR WAR ON DRUGS.

FOR THE COMMITTEE'S REFERENCE, I HAVE ATTACHED A COPY OF OUR RECENT FBI DRUG REPORT THAT OUTLINES THE FBI'S DRUG PROGRAM AND ITS ACHIEVEMENTS THROUGH 1987.

THAT CONCLUDES MY PREPARED STATEMENT. I WOULD BE HAPPY TO ANSWER ANY QUESTIONS YOU MAY HAVE AT THIS TIME.

Mr. HUGHES. Mr. Lawn, Operation Blast Furnace was a laboratory destruction program carried out in 1986 by the Bolivian Government with substantial assistance from DEA and the U.S. military, the form and inspiration, I believe, for Operation Snowcap. Is that the—

Mr. LAWN. Yes, sir, that is accurate.

Mr. HUGHES. What were the particular successes of Blast Furnace?

Mr. LAWN. The predominant success of Blast Furnace was that a country, a major source country for coca, sought assistance. We were able to render that assistance to them and open the door for other countries in the Andean region to seek similar assistance, to recognize that we were there ready, willing and able to assist them in their enforcement efforts against the labs and against the traffickers in those countries.

I believe the significance of Blast Furnace was just that; that we told those countries if they needed our help, we would be there to give that help.

Mr. HUGHES. What were the specific successes? I understand you took out some processing laboratories?

Mr. LAWN. Yes, sir. During the course of that effort, we located, seized and destroyed several dozen laboratories in Bolivia and also were able to assess the skill of the UMOPAR troops in Bolivia to work with them in training.

Thereafter, through the State Department, we were able to leave them with six helicopters so that they could continue their efforts in Bolivia using what had been formerly U.S. military equipment.

Their pilots have become very skilled in the use of these helicopters. I believe that they have been accident free since 1986.

Mr. HUGHES. What was the ultimate goal, though, of Blast Furnace? Was it to attempt to drive the price of coca leaf down?

Mr. LAWN. Yes, sir. We were successful in doing that. As we tracked Operation Blast Furnace, we saw that the price of coca leaf per hundred weight was driven down from \$120 per hundred weight to \$29 per hundred weight, a temporary gesture to be sure because our operation was one of only limited duration.

We think that we successfully proved that operations like Operation Blast Furnace can have an impact in forcing the traffickers to seek different routes and to seek different modes of receiving chemicals.

Bolivia, for example, has very few blacktop roads, I believe less than 500 miles of blacktop roads. In order to get the chemicals, they must use rivers. As we expanded Operation Blast Furnace into the current operation, we touched upon all those areas that we have worked on successfully in the United States: Road programs, interdiction programs, and river programs. This has been the genesis of Operation Snowcap.

Mr. HUGHES. Ms. Wroblewski, what is your perception from the perspective of the Department of State of the success and the failures of Operation Blast Furnace?

Ms. WROBLESKI. I think I would fully agree with what Mr. Lawn has said from a political foreign policy perspective. Let me say that it was a major achievement for us to see a government in Bolivia—

Bolivia, as you may know, does not have the world's best record of political stability.

So to see a government of Bolivia take on the traffickers in such a visible manner and take them on in such a way that the Government did not fall, as many people predicted it would, sent a signal through Latin America, not only that the United States was willing to help, but that these central governments could take on the narcotics traffickers, make a difference, albeit for a limited period of time, and that it would not cause mass social unrest or economic dislocation or political instability.

I think it gave other leaders in the region some incentive to do the same thing. Certainly our experience in Colombia over the past 2 years with the Barco government, I think was, in large part, buttressed by Operation Blast Furnace in Bolivia.

Mr. HUGHES. What was the price of a kilo of coca leaf in Bolivia prior to Operation Blast Furnace?

Ms. WROBLESKI. Prior to the operation, I think Mr. Lawn is right. I think it's about \$100 or \$120. It sank during the operation. It has now inched back up. In fact—

Mr. HUGHES. What did it drop to after the operation?

Ms. WROBLESKI. I think it went down to \$25 or \$29. That sounds like the lowest that it went. Then it came back up.

Mr. HUGHES. Where is it today?

Ms. WROBLESKI. Today it's in the 60's or 70's. It's back up, we think, because the eradication effort has slowed in Bolivia and also because the passage of the new law in December, we have some evidence that the traffickers were paying higher prices just so that the campesinos would get accustomed to those higher prices in an effort to defeat the legislation.

Mr. HUGHES. Operation Snowcap was initiated in 1987 or thereabouts. It's been in operation for 2 years. What's been the impact of Snowcap on the price of coca leaf in the Chapare?

Ms. WROBLESKI. I think it goes probably up and down. We've spent a fair amount of time at the Embassy—I know DEA has here in Washington—trying to figure out what relevance the price of coca has to operations, be they eradication operations or interdiction operations.

Quite frankly, it's dependent on so many different factors that it is sometimes hard to pinpoint what's a result of what. Certainly the fact that it has remained below \$100, to the best of my knowledge, I think is an indication of the eradication operations and of the interdiction operations.

Mr. HUGHES. What were the lessons we learned from Operation Blast Furnace aside from the obvious symbolism and substance that is represented by the fact that we have cooperation at high levels of government, for major operations of this type, the type that irks the growers and traffickers?

What else did we learn from that operation?

Mr. LAWN. Let me begin, sir, by saying one basic lesson we learned in initiating an operation like Operation Blast Furnace, that it was a mistake to accept the assistance of the U.S. military in so doing.

There was a major issue that arose about sovereignty: What are U.S. military people doing in uniform when this clearly should be a law enforcement effort?

Mr. HUGHES. You mean we should have learned that lesson?

Mr. LAWN. Well, sir, I believe we did learn that lesson.

Mr. HUGHES. There are suggestions once again that we use the military special forces to be specific in Bolivia?

Mr. LAWN. I believe that the military performs a good support role, but this is a law enforcement effort. I believe that law enforcement personnel are best equipped to deal with it.

Mr. HUGHES. You know that there are some serious suggestions at this point that the special forces actually replace the Drug Enforcement Administration in this operation?

Mr. LAWN. Yes, sir, I am aware of that. I think that would be a mistake. You and I have spoken about that issue. This is a law enforcement effort. The UMOPAR troops working this effort in Bolivia are law enforcement troops. The troops working this effort in Peru are law enforcement troops.

This is a law enforcement effort; when we seize a laboratory, we go in and look for evidence that we can use in prosecutions. This is not a search and destroy mission. If it were, I believe we would see less and less support from these countries that are looking for our support.

Mr. HUGHES. You're not suggesting, and certainly I wasn't suggesting, that there isn't a role for the military in training the UMOPAR or the Guardia Seville in Peru?

Mr. LAWN. No, sir.

Mr. HUGHES. Are you suggesting that it would be a mistake to operationally use them?

Mr. LAWN. Yes, sir. I'm suggesting that the military has a unique role to play. They have great experience. They can utilize that experience in training these enforcement personnel to do this job.

Mr. HUGHES. I have some other questions. If my colleagues would agree, I thought we'd each take 10 minutes and then if we need other rounds, we'd take them. That way everybody will get their chance.

It's very difficult in 5 minutes to try to develop a line of questioning. If that's agreeable—Mr. Daniels.

Mr. DANIELS. Yes, sir.

Mr. HUGHES. I really have a hard time, I must confess, understanding just exactly where your mission begins and ends in this drug area. Is there such an animal today as disorganized drug trafficking?

Mr. DANIELS. To a certain extent there is. I think you see that pretty evident in Washington, DC.

Mr. HUGHES. Well, that's a matter of degree, isn't it? Even in the neighborhoods, the traffickers have developed a pretty sophisticated, sometimes not so sophisticated, distribution pattern?

Mr. DANIELS. Yes, you're right.

Mr. HUGHES. You're talking about small time trafficking, as a general rule.

Mr. DANIELS. Yes, sir.

Mr. HUGHES. Is there such a thing as disorganized major trafficking?

Mr. DANIELS. Not on a large level; no, sir.

Mr. HUGHES. I must say, I've been concerned for a long time over FBI involvement overseas, in particular in investigating drug trafficking offenses, not just because this subcommittee happens to be the oversight subcommittee for DEA but because in all my travels over the years I have heard so many foreign nationals express concern to me about FBI involvement, particularly in 1982 when we were talking about a potential merger, of the two agencies—FBI and DEA—because of your foreign counterintelligence mission.

The one thing about drug operations, the reason they have developed over 51 years a very good rapport with host governments is because they know the FBI is interested in narcotics. They are not interested in foreign counterintelligence or not interested in getting information about the military establishment in a particular country.

I don't recall any instance, except the Iran-Contra fiasco, where there was any question about where DEA was coming from. I've had officials in some countries where we actually are very operational to the extent of actually conducting wire tap operations for a foreign country, a practice almost unheard of before.

Explain to me that that would be the end of those operations, simply because they would not be sure just exactly what FBI's primary mission was. I've had some concern for a long time as to where we draw that line.

Maybe you can help me as to where your mission begins and ends in this whole drug area.

Mr. DANIELS. First of all, Congressman, the FBI is not operational in any country, in any violation over which we have investigated jurisdiction. We have legal attaches in 14 countries. These legal attaches function as liaison with their foreign counterparts.

Pertaining to drugs, all foreign leads as far as assistance requested from foreign governments is handled by DEA. There are two exceptions. One is Rome, Italy; and the second is in Canada.

The reason behind those exceptions is because the FBI has had longstanding relationships with those two countries regarding the La Cosa Nostra and the Sicilian Mafia. They are the only two exceptions where we deal directly with the authorities pertaining to drug matters.

In every situation, the FBI requests assistance in foreign countries from DEA on drug investigations. That is without exception.

Mr. HUGHES. I'd like to pursue that a little more, but my 10 minutes are up. Mr. Smith, is recognized for 10 minutes.

Mr. SMITH of Mississippi. Thank you, sir. Mr. Lawn, if I could start with you, please, what is the relationship between Mr. Bennett and the drug czar in the DEA? Is there any work between the two? Is there any coordinated effort that is beginning to take place?

Mr. LAWN. Yes, sir. We have a coordination mechanism that has been established wherein the representative from the Attorney General's Office works very closely with Director Bennett.

We have worked very closely through the Department of Justice in assisting Mr. Bennett as his office has begun to put together its



strategy. There is a mechanism. The mechanism is through the Attorney General's Office of the Department of Justice.

Mr. SMITH of Mississippi. If you had the opportunity to ask this subcommittee for one thing that would enhance your abilities on the overseas drug smuggling activities, what would that be? If we gave you the tools that you need, what would you ask for?

Mr. LAWN. I would certainly ask, as I did in my very brief statement, for additional funding and additional personnel which is critically important. As the chairman knows, we can perform great efforts in source countries, in countries overseas before the drugs ever hit the United States.

Those efforts take dollars and take personnel who are trained in the language and the culture. If I had one desire, this would be a desire I would like to see fulfilled.

Mr. SMITH of Mississippi. If you got those two things, additional funding and personnel, could you give me a projection or some thought about what you'd be able to do with that and over what time period in the reduction of trafficking?

Mr. LAWN. Well, sir, I'm sorry I couldn't give you a definitive time frame. I could tell you, though, that based upon past experience, what successes we have generated in our overseas operations and our overseas efforts, let's say Operation Blast Furnace, for example, or Operation Snowcap, which is the current operation.

Operation Snowcap, the joint operation in South America has enabled us to seize 18 metric tons of cocaine which had been destined for the United States, to seize and destroy 120 laboratories which were processing coca into cocaine hydrochloride.

There are few personnel involved in that effort. A total of 180 have been trained or sent down for a 90-day period. If that amount of cocaine hit the streets of our cities in the United States it would take a hundredfold of manpower and that much additional money to seize.

So those efforts, I believe, overseas are most successful and most cost efficient and effective.

Mr. SMITH of Mississippi. How many personnel are you asking to add to that 180?

Mr. LAWN. The 180 personnel we have in Operation Snowcap, what we're asking for in this particular budget is to backfill those particular agents; that is our first priority in this budget.

We're asking for \$23.8 million so that we can backfill those agents who are on temporary duty in those countries. We take them out of our domestic offices to perform a function in the Andean region in Latin America.

With the additional \$23 million, we can backfill, put 120 agents back into domestic enforcement. This is, as I say, the first priority of this particular budget.

Mr. SMITH of Mississippi. That does not add any additional to that 180 personnel?

Mr. LAWN. No, sir, it does not. We are also requesting 10 additional agents to either open additional offices or to put additional personnel in existing offices, in five offices in other parts of the world.

Mr. SMITH of Mississippi. OK. In today's paper, it contains a horrible story of a satanic cult that's involved in drug trafficking in

Mexico. It appears that Americans have been kidnapped and sacrificed by this cult.

Has the DEA encountered this type of activity? Are you familiar with the leader of this cult, Alfonso de Jesus Constance, alias godfather?

Mr. LAWN. No, sir, I'm not familiar. My familiarity with this particular tragedy was only what I have learned through the media, first in the appeal made by the parents several weeks ago for any information on the disappearance of their son; and then the most recent information this morning.

I have had no opportunity since then to research our files to see what background we have.

Mr. SMITH of Mississippi. Do we have any DEA personnel working with the Mexican Government today so that we know what's going on down there and exactly what happened?

Mr. LAWN. Working specifically on this operation, I would have to say no, sir, but we do have personnel operating in Mexico who will, I'm sure before the end of the day, furnish me whatever background will be made available to the Embassy in Mexico City.

Mr. SMITH of Mississippi. The USA Today weekend edition reported that drug smuggling has shifted to the west coast as a result of the efforts in south Florida. Can you confirm this report? If so, are you making programmatic changes in response to the shift in trafficking?

Mr. LAWN. Yes, sir. We have seen a change in the trafficking patterns. That is not to say that southern Florida does not continue to be used. We have seen, for example, cases in which cocaine has been flown or delivered by vehicle to the southwest and then transported from the southwest to Florida for ultimate distribution.

We, several years ago, began Operation Alliance on the southwest border to address that issue. We are following that changing pattern.

Mr. SMITH of Mississippi. Does some of that come from Operation Pipeline and some of those operations where you see a movement in the drugs to the west coast?

Mr. LAWN. I can't say that we've seen it specifically with Operation Pipeline, although Operation Pipeline has been a very successful effort in the 40 or 41 States in which we have a pipeline operation.

Seizures made by pipeline have increased substantially each year. It is an excellent operation. But this would only be part of what we assess to determine the greatest entry point for cocaine in our country.

Mr. SMITH of Mississippi. Let me preface my next question by saying I worked with DEA over the years in my capacity in criminal justice and know that all those whom I've known have been very honest and reputable and hard working agents.

I want to ask you a question that I think comes up in Federal law enforcement and in these days State law enforcement and local law enforcement.

On Monday, April 10, 1989, the U.S. attorney's office in Miami announced that it had arrested a DEA agent, George Villar, conspiring to distribute cocaine and commit bribery. I know, as I said, the large majority of agents in the DEA are honest people.

What precautions do you now take at the DEA to see that you don't have these problems in the future?

Mr. LAWN. We, for many years, have had an office of professional responsibility, an inspection staff that reviews all of the allegations and information that is received.

We've run out every piece of information received, every allegation received. The *Villar* case is one of those tragedies of a good agent that allegedly has gone bad. That was an 18-month investigation conducted by DEA as was the investigation of the three former agents who have been indicted in California.

This tragedy does occur. It occurs in Federal, State, local law enforcement, among the judiciary. When there are so many dollars available in the illicit traffic, corruption unfortunately is a part of what we must deal with.

Although it is not a major problem, one corrupt agent can undo the work of nine agents who have dedicated a life to this effort.

Mr. SMITH of Mississippi. Do you do any type of drug testing or use a polygraph for—

Mr. LAWN. Yes, sir, we have a drug testing program which we began several years ago. We began it not because we suspected we had a drug problem, but because as the lead drug agency in the world, we felt it important to tell the world that we do support drug testing and that we do test our own employees.

We have a testing program for new employees. We have a random drug testing program for other employees. I have been drug tested in the past. We believe that drug testing is a very important thing, certainly very important for law enforcement.

I've spoken to chiefs of police around the country; one approximate to Washington, DC, told me that last year 75 percent of the applicants for his police jobs could not pass the drug screening test. So I firmly believe that drug testing is very, very important.

Mr. SMITH of Mississippi. Well, as I said earlier, it is a problem at the Federal, State and local level and in my previous capacity as Sheriff, my predecessor is serving 20 years from a cocaine sting operation. So it's not only in the Federal agencies.

Do you think that it is a deterrence; that maybe enhanced penalties would be a deterrence for law enforcement people on the Federal, State or local level that become involved in drug trafficking?

Mr. LAWN. Yes, sir, I certainly do. I believe that in law enforcement, we should be judged by a higher standard. While internally people may believe that our justice is quick and is also severe, indeed it is severe because I believe that the general public should demand that we be judged by a higher standard than the general public.

Mr. SMITH of Mississippi. Would you care to share a proposed penalty with me or your thoughts on what that penalty should be for a law enforcement officer who becomes involved in drug trafficking?

Mr. LAWN. Congressman, I would like to study that a little bit. I would be happy to submit something to you because I do share your view that there should be additional penalties.

Mr. SMITH of Mississippi. OK, thank you very much. Thank you, Mr. Chairman.

Mr. HUGHES. My colleague from Florida, Mr. Smith.

Mr. SMITH of Florida. Thank you, Mr. Chairman. Mr. Lawn, this committee and a number of others have, in fact, over the years been proponents of the concept of a drug czar. That concept started back in the early 80's, was vetoed once by the President, and ultimately wound up as it was passed last year after about 6 or 7 years of work.

We now find ourselves in the middle of an interesting situation where the drug czar all of a sudden has become a super cop. Mr. Bennett now finds himself in a position or has put himself in a position of trying to control law enforcement in Washington, DC.

I would like to find out from you whether or not your issue or your view on the drug czar—and you've been here before and you've talked about this before—is that Mr. Bennett is supposed to be one that comes in and micromanages the problems of any particular city?

Now, I will give you, as a given, the fact that there is a major problem in Washington, DC. They need help. They have been ineffective in their work. I think there's been a lot of mistakes made and for a number of other reasons that are really not relevant at this point.

I would like to know whether or not you envisioned Bill Bennett doing what he's doing or whether, like us, you envisioned the role of a drug czar to be one that makes grand strategy for eradication overseas, interdiction, works with various agencies who have been in this fight and then try to secure cooperation to carry out those designed planned strategies in terms of a realistic effort between Federal agencies and then State and local, et cetera, and the foreign governments using cooperation with the State, and cooperation with DOD and cooperation with the FBI, cooperation with customs, cooperation with—all of those things, the Coast Guard, the Navy. You know the concept.

I will tell you, quite honestly, I have a tremendous amount of misgivings about what Bill Bennett is doing. We never envisioned him in that role, as some kind of supercop with a red cape and a blue suit.

I'm a little surprised at what they're doing. I will tell you that his first pronouncement on assault rifles, if he was the one that recommended that to the President, is the kind of overall United States and international effort that we were talking about, whether you agree or disagree with the concept of what he said or what he recommended.

At least that was something that was based upon the review that, in his estimation, these things are bad for the United States in general. Now we are talking about his getting down to the nitty-gritty of doing crime work on the streets in a particular city.

I, frankly, would like to hear from you whether or not that is the role you envision for the drug czar?

Mr. LAWN. Let me say, Congressman Smith, that 3 weeks ago Director Bennett met with the agents in charge of the DEA and FBI offices at a conference in Phoenix. At that time, Mr. Bennett indicated that his role was not an operational role.

His role was a role in which he would assure that components were working closely together, that there was a good liaison, there

were not turf issues. This is the role that I envisioned when the Congress made a drug czar.

I still believe that is the role Mr. Bennett will play. I believe in the case of the District of Columbia, Mr. Bennett saw a need to take some immediate action about our Nation's capital and came to components within Justice and components in Treasury to affect a task force concept to address the District of Columbia issue.

Mr. Bennett did clearly tell us that he did not believe his role to be a role where he would dictate the transfer of agent personnel or would dictate operational issues which I believe fall outside the purview of his responsibility.

Mr. SMITH of Florida. So you think that although he's doing this in a special basis somehow, he perceives his role ultimately to be that of a coordinator and strategist for the whole of the United States?

Mr. LAWN. Yes, sir. I believe that that clearly is what the Congress intended. I believe that that is what Mr. Bennett told us 3 weeks ago. I have no reason to doubt that is not what will happen.

Mr. SMITH of Florida. Well, he's spending a great deal of time doing what he's doing now. When does he think he's going to get to the design of grand strategy? You've got to fight ongoing. How many agents do you have overseas today?

Mr. LAWN. I have a total of 284 personnel, about 200 agents.

Mr. SMITH of Florida. All of them are engaged at this moment in operations or in intelligence gathering or in operations with other governments vis-a-vis their fight against drugs?

Mr. LAWN. Yes, sir.

Mr. SMITH of Florida. That requires a great deal of coordination with a lot of other agencies, does it not, especially the State Department where the DEA agents are headquartered?

Mr. LAWN. Yes, sir.

Mr. SMITH of Florida. The kind of thing that goes on here from time to time is that there is a problem, is there not, in some of these coordinated efforts?

Mr. LAWN. The perception is that there is a problem.

Mr. SMITH of Florida. Well, it's not a question of perception, Mr. Lawn. Let's, for instance, take the Egyptian Embassy where the Ambassador refused to allow a second DEA agent into residence. We had to put in the law the indication that if they didn't allow it, we wouldn't give them any money.

Ms. Wroblewski remembers that fight with the Ambassador to Egypt. So there's a kind of coordination that right now needs to be attended to. It's going begging somewhat because Mr. Bennett is concentrating on Washington, DC.

All I can tell you is if you have any sway with the President about Mr. Bennett, I would hope that you indicate to him that there are an awful lot of people in Congress who think Mr. Bennett is way, way out in left field on this one, not that there isn't any real issue to be dealt with in Washington, because there is, but because, frankly, he's not the person to be doing it. That's not what we ever envisioned.

Mr. HUGHES. Would the gentleman yield?

Mr. SMITH of Florida. I'd be happy to yield.

Mr. HUGHES. Before you pass on from the D.C. experience, let me, if I might, ask a couple questions. Do you know Chief Turner fairly well?

Mr. LAWN. Yes, sir, I do.

Mr. HUGHES. Is he fairly competent?

Mr. LAWN. Yes, sir. Chief Turner is a most competent chief of police.

Mr. HUGHES. You know, I'm disturbed that Chief Turner found out about the plan after it was designed and right before the press conference. Let me ask you, is that the way DEA operates anywhere in the world?

Mr. LAWN. No, sir. We, I think, have unique experience with the forming of task forces.

Mr. HUGHES. What is DEA? I understand that we're going to assign 9 or 10 rookie DEA graduates to this task force operation in D.C. The FBI is going to commit 25 special agents.

What in the world does FBI or DEA know about developing cases at the street level? It doesn't make sense to me. On the one hand, we're cutting the State and local assistance program, which is a program that provides resources to take on more police, that can develop more information, more resources on the street to make cases.

On the other hand, we're going to assign them DEA agents and FBI agents who really do not get into street crime investigation as a general rule. That's what we're talking about; aren't we? Isn't this basically street crime?

Mr. LAWN. The problem that we see is street violence; yes, sir. The task forces around the country, the 55 task forces that currently exist, go to the midlevel dealer.

Mr. HUGHES. They're targeting mid- and high-level traffickers. We're talking about street crime, violence at the street level, petty trafficking, although any trafficking has got to be perceived as serious, track pushers.

How much input did the DEA have into this plan? You told us that there is a mechanism for coordination. Are you suggesting to us that this was part of your recommendation?

Mr. LAWN. Our recommendation, sir, was that there be no Federal effort to deal with the street criminals.

Mr. HUGHES. No, my question was are we to assume that since there is this mechanism for cooperation, that the DEA had input into the plan that was designed?

Mr. LAWN. Yes, sir. We had input into expanding and existing task force in the District of Columbia and how the expansion of the task force could best deal with the problem as it was seen in the District of Columbia.

Mr. HUGHES. Did anybody suggest that what D.C., needs is some additional resources at the street level?

Mr. LAWN. No, sir. We, in point of fact—

Mr. HUGHES. Wasn't that part of the problem? I mean, D.C., has cut back in police over the last few years. If anything, we have fewer police on the streets; do we not?

Mr. LAWN. Yes, sir, but at this point, the time for recriminations, I believe, should be after the issue of violence and drugs.

Mr. HUGHES. Yes, but I want to know how much input DEA had into the plan that was designed?

Mr. LAWN. Our input, sir, was to explain to Mr. Bennett's office how a task force works, how a task force would work—

Mr. HUGHES. No, I'm talking about the specific plan. Do you understand my question? Did you have any input into the specific plan that was developed?

Mr. LAWN. We had input into the development of the task force. What the task force—

Mr. HUGHES. Did you know about the plan before the press conference?

Mr. LAWN. Yes, sir, we knew there would be an announcement and that the task force would be expanded.

Mr. HUGHES. Mr. Lawn, my question is, did you find out about the nature and scope of the plan before the press conference?

Mr. LAWN. We were aware of what our input was. Did I know specifically every detail of the plan? No, sir.

Mr. HUGHES. Now that wasn't too painful; was it? I thank the gentleman.

Mr. SMITH of Florida. I thank the chairman. I'm a little amazed, frankly, at one of the things you just said because it indicates to me that you recommended against this. You said that you didn't think Mr. Bennett's role should be for prosecuting street crime; is that right?

Mr. LAWN. Yes, sir.

Mr. SMITH of Florida. Now it is.

Mr. LAWN. We hope that the expansion of our task force, does not result in a street crime orientation because this is not what our task forces do around the country. If this task force is to parallel what we do in other countries, it will not address—

Mr. SMITH of Florida. You mean around the rest of this country; that's right. Let me ask you, both Ms. Wroblewski and Mr. Lawn, do you think that you have been before my task force on international narcotics.

Ms. Wroblewski is, probably in her view, more than a frequent visitor.

Ms. WROBLEWSKI. Frequent.

Mr. SMITH of Florida. We have discussed over the last few years the fact that certifications have been made or decertifications have been made which appear to be without the blessing in given cases, not overall but in individual cases of either the State Department or DEA. DEA has been present at most of these hearings with Mr. Westrate or another representative, Mr. Murphy.

Do you feel that your views are adequately represented in the process of certification each year? Do you think the DEA, when they give their opinion or, Ms. Wroblewski, when INM gives its opinion, and although it does most of the work, ultimately it transmits the work but then it transmits its opinion.

Do you think that your views are given the weight that they should be accorded, since both of you have the lead agencies in dealing with the situation overseas and certification is really an overseas process?

Are you satisfied that what you say carries as much weight as you think is appropriate? I'll tell you why I'm asking the question.

It's because I get the—although Ms. Wroblewski and Mr. Westrate have been very good at refusing to answer the questions, and I don't mean this in a negative sense because they feel they shouldn't discuss what are the internal discussions going on during the certification process inside the administration, although I don't buy that, I respect the stand made on it. I get the impression from time to time and from other processes that, in fact, your views are not always taken into account as much as they should be.

In many cases, DEA or INM has been overruled in deference to other considerations. I'm just curious how you feel about that and whether or not you would like to see any changes giving you more weight in the process.

MS. WROBLEWSKI. If I could answer that first, the way the legislation is written, which, Mr. Smith, you know probably better than anyone else in this room, the process is that the Secretary of State makes recommendations to the President. The final decision rests with the President.

It is vetted, if that's the right word, through the NSC. Even 2 years ago, when I was asked to brief the National Policy Board on Secretary Shultz's decisions on certification, I was there to brief only.

It is the prerogative of the Secretary of State to make a final recommendation to the President. So there is not a consultative process that I think you may be thinking of. There is a consultative process on the report as mandated by law.

I think that is good and healthy. We follow the letter of the law on the certification decisions. There is, of course, the informal consultation, particularly at the—not so much at Mr. Lawn's and my level, but at a higher level, a cabinet level.

For recommendations this year, we followed the strict letter of the law which was Secretary of State to the President.

MR. LAWN. I am satisfied, Congressman Smith, that I am part of the process. Certainly, my recommendations are not always the ultimate decision. Very often the recommendations I make are what I see happening, but there are other times when they are not.

My view, unfortunately, is a myopic view. I am looking at it from a narcotics viewpoint. When I talk about what the country has done well or poorly, I have the one issue. There are, in addressing a decision that the Secretary of State—or a recommendation the Secretary of State must make to the President, other issues besides the drug issue which, I believe, are weighed in making the ultimate decision.

MR. SMITH of Florida. Given the fact that the drug problem in everybody's view, certainly the American people poll after poll, and by this administration, the President in his Inaugural Address talked about it, wouldn't you think that drugs would be a number one issue and that it really shouldn't fall prey to the other items on the agenda?

I mean, that's what you are, in essence, saying. That's what I've said and what a lot of other people have said. Since you are, in fact, the person that's charged with around-the-world drug enforcement capabilities and intelligence and some operations from place to place, don't you think that that's an issue that really ought to be



taken into account on a primary basis and shouldn't fall hostage to others?

I don't think anybody is going to fault you if you are required to say yes. I don't think anybody will fault you for that. You are a cop basically.

Mr. LAWN. Yes, sir.

Mr. SMITH of Florida. I just have one final question, Mr. Chairman. Ms. Wroblewski, would you think that with the advent of Mr. Bennett coming on stream, that what you just described to me as this informal consultative process but that the decisions are made at a higher level should be changed somewhat, and that the persons that are actually doing the job ultimately should have much more voice in what goes on in terms of the certification process?

Ms. WROBLEWSKI. I think we'll see a change in the process itself. As you know, Secretary Baker has been very forthcoming; that he would like to see a change in the process to make the process more effective.

Perhaps one of those changes should be that we use a mechanism at the White House or that the President uses a mechanism at the White House, be it the Bennett shop, be it the NSC process, I'm not sure which, to get a sense of what other agencies and departments think.

To do that, of course, we'd change the legislation I would think.

Mr. SMITH of Florida. Thank you. Thank you, Mr. Chairman.

Mr. HUGHES. We'll have some additional rounds if the gentleman—Governor McCollum.

Mr. MCCOLLUM. Thank you very much. I would just like to comment, Mr. Lawn, that while you are addressing this problem of Bennett and the drug czar, that's a law we created. Obviously, it has not yet been fully explored.

The statute certainly gives the power to people involved to do what he's doing. It's a policy question. I think we will invariably have to have him up here to discuss that at some point.

Mr. DANIELS, I am concerned with the use or the ability of the FBI to use the extraterritorial jurisdiction that we have given you under a long arm statute for prosecuting anyone who murders or conspires to murder a U.S. national in a foreign country.

I'm concerned with its application in the narcoterrorists situation. We've had DEA agents' lives threatened and taken, in fact. It appears, to me at least and to many of us, that on a couple of occasions this has been clearly done to intimidate the American Government and our arm.

How does the FBI view this? Is this something you are looking into? Have you tried to use it in other areas? I know you have when it comes to terrorism or other respects, but what about the narco-terrorists DEA situation?

Mr. DANIELS. Absolutely, sir, we would. We would do this based on the jurisdiction, and we would do it in connection with the DEA. We view that as a situation that we would apply to law.

Mr. MCCOLLUM. Are you aware of doing that with anything up until now? Have you actually done it with any of the cases?

Mr. DANIELS. We haven't done it to date. We were involved with DEA in the murder and assault of the two DEA agents. We conducted that investigation as assault on Federal officer type investi-

gations with DEA. We do view the statute as these situations falling within that statute.

Mr. McCOLLUM. I think Mr. Hughes is going to hold hearings on terrorism, but you had some constraints as I understand it put on you at one point, unfortunately in the Pakistan air crash case.

Has the State Department or anybody else in any way put any roadblocks into your use of this statute or your efforts to operate under the narcoterrorism area?

Mr. DANIELS. You're referring to the plane crash in which President Zia was killed in Pakistan in August 1988. In that particular situation, sir, in order for us to go into a foreign country to conduct an investigation, we must have clearance through the host country, clearance from the host country and country clearance from Department of State.

This was not obtained by State at this particular time. We are in the process now of preparing with State, negotiating a memorandum of understanding to address this in the future.

We have a request in now with the Government of Pakistan to go in and conduct some interviews that we believe are essential to this investigation. There is pending at State a request for country clearance.

Mr. McCOLLUM. We are going to have to explore this more, I am sure, in the future, as I say, in another hearing, since it's not really the subject matter at this hearing. It disturbs me a great deal because of the precedent that was set there.

I know you are working hard to keep it from happening again. It's an awfully cold trail at this point for anybody to investigate. I just hope it doesn't happen in any DEA context.

I, unfortunately, will have to go down to the White House for a meeting after this vote, at least I expect I do. I will not be able to come back for the hearing. I do appreciate all three of you being up here.

I've worked with you in the past and look forward to doing it again in the future. Mr. Chairman, in light of the vote, I—

Mr. HUGHES. I thank the gentleman. We are going to recess until about 5 of 12 rather than bring you back after lunch. Some of the members have other things that they have to do. We have a vote in progress. We will be back here at 5 of 12. The subcommittee stands at recess.

[A short recess was taken.]

Mr. HUGHES. The Subcommittee on Crime will come to order. The Chair recognizes the gentleman from Ohio for 10 minutes.

Mr. DEWINE. Thank you, Mr. Chairman. Let me just start, Mr. Chairman, if I could, by responding to something Mr. Smith said, Mr. Smith from Florida. It seems to me that we have a national scandal on our hands in Washington, DC.

I commend Mr. Bennett for going after it. Anyone who is aggressive makes mistakes. I suppose he's made some mistakes. He'll probably make mistakes in the future. I think what's going on in our Nation's Capital would be horrible in any city, but because it is our Nation's Capital, it simply cannot be tolerated.

I suspect that it's very difficult for DEA and the State Department to deal with foreign countries on this drug problem when all they have to do is to point to the problem we are having in our

own Capital and say you can't deal with your problem there; how in the world do you expect to deal with ours.

So I think we need a multifaceted approach. I don't think anyone is intending—I certainly would hope not—for the DEA to be on the street and be doing the sweeps and be doing the thing right down into the neighborhood.

It's been my experience—I share some of the same experience the chairman has as a former prosecutor—that it's a multifaceted approach for law enforcement that you always have to use.

You have to have more policemen on the street, more policemen in the neighborhood. It's very beneficial to have DEA and the FBI involved in the long-term investigations.

I know if I were tasked with dealing with the problem here in Washington, DC, and someone said do you want another 10 FBI agents or 15 DEA agents or whatever the number would be, I certainly wouldn't turn them down. I certainly would say yes, send me those and send me 30 more if you can spare them.

So I think we need all the resources we can put on this. I think the idea that DEA is going to be used outside their normal role, that they are going to be used to make arrests on the street, obviously, is ludicrous. They are not going to be doing that. They are going to have a role.

Let me just, after saying that, ask Mr. Lawn what exactly do you envision DEA's role is in regard to Washington, DC, and in regard to the proposal from Mr. Bennett? What are they going to be doing?

Mr. LAWN. Well, sir, as I've indicated, we have an existing local task force, DEA personnel working with the local task force. We will be expanding that task force to include—our recommendation was to include a separate group that will look at the murders, another group that will look at the weapons that are seized as a result of these arrests.

We envisioned, for example, that the homicide task force would be supervised by an FBI supervisor, because the FBI laboratory will be so much in play in looking at forensic evidence of these crimes.

The gun task force we envisioned would be supervised by a supervisor from Alcohol, Tobacco, Firearms. The investigative task forces would be supervised by DEA personnel. This is the standard approach we've used in our task forces around the country.

In any of our task forces around the country, we do not go after street violators. To go after street violators in the District of Columbia is a mistake. We can assist in conducting investigation to determine how the cocaine, how the crack is coming from New York City.

If guns are seized, ATF can then make determinations through their offices around the country where the guns were purchased, how the guns got to the District of Columbia. This is how we proposed such a task force would work with the clear admonition that sweep type operations will not have an impact on the problem faced by the District of Columbia.

Mr. DEWINE. So you do see a role for DEA?

Mr. LAWN. Yes, sir, based upon our experience with task forces around the country.

Mr. DeWINE. If I could move to another area, Mr. Lawn, I want to follow up a question that was asked earlier in regard to the drug testing program for DEA agents. My understanding is that that is a random testing procedure. In other words, not every DEA agent is tested every so many days?

Mr. LAWN. No, sir. The program is mandatory for all personnel who are coming aboard as young agents. Thereafter, it is indeed a random program. If an individual's name comes up on the computer, that individual will be tested during that particular testing phase.

It may be that one individual would be tested several times before a coworker is tested. That is the randomness of the tests. There is another testing procedure where we test for cause.

If we have some information that an arrest has been made, for example, of a support employee who was found with marijuana, then for cause we can demand that the employee be involved in testing.

Mr. DeWINE. Are you comfortable in disclosing how many tests you would run per year?

Mr. LAWN. I can certainly provide that for the record, sir. I don't know offhand.

Mr. DeWINE. I'm just trying to figure out what the odds are of someone being tested. Do you have that?

Mr. LAWN. We do have the mathematical equation, but I don't have that information readily available. I will provide it for the record.

[The information follows:]

#### DEA's DRUG TESTING PROGRAM

Random drug testing of DEA employees began on March 28, 1988, with the testing of 73 employees in headquarters. Random testing of personnel in field offices began on June 29, 1988. The total number of individuals tested from the beginning of this program through March 31, 1989, is 1,049. The odds of being tested on a random basis for all DEA employees has been calculated to be 1 in 19.

Mr. DeWINE. You were also asked about polygraph. You did not mention that. I assume that you do not regularly use the polygraph? I'm assuming that only because we've had conversations before about that.

Mr. LAWN. Yes, sir. We certainly use the polygraph as an investigative tool in our criminal investigations. We use the polygraph for cause. If we are looking at an OPR investigation, it is used for those purposes.

Mr. DeWINE. Mr. Lawn, as you know, I disagree with your policy in regard to that. I expressed that before. I only base it on my own experiences as a county prosecutor. Law enforcement officers, particularly those who were dealing in drug investigation, generally told me, with very few exceptions, that they appreciated the use of the polygraph.

They appreciated the use of actual definite drug testing not at random. They were going to be tested and they never knew when they were going to be tested. These two tools, while maybe not admissible in court, certainly the polygraph is not admissible in court, was a good assurance and a good real protection for the agents.

Frankly, I just do not understand why DEA does not use the polygraph more and does not use more extensive testing. It seems to me that it would provide a protection for the agents; that it would give you the assurance that you need.

When you are dealing with defense attorneys, when you are dealing with, informally at least, the courts, the fact would be known that you do that as a matter of policy.

Most law enforcement agencies that I have dealt with where they do have people who are actually working directly undercover—now I understand that not all your people are working undercover; I appreciate the distinction.

Most times when I saw undercover agents being operated, they used that procedure and they used it very extensively.

Mr. LAWN. Let me say, Congressman, that we don't have a limited cadre of personnel who work undercover. Every agent at DEA has and will work undercover. As far as regular use of the polygraph, there is a chilling factor which must be weighed.

We base our hiring practices, we base our work on the integrity of the individual. If we were to initiate a policy where we regularly test individuals with a polygraph where there is not any reasonable suspicion, the morale of the agency would plummet very, very quickly because there would be a suspicion of criminality.

Mr. DEWINE. Mr. Lawn, I appreciate that. You and I just vehemently disagree on that because I have seen it and I have seen it work. When it's explained and there is an understanding of why it is being used, it is welcome by law enforcement. Again, we just disagree on that.

Let me move—Mr. Chairman, just tell me when I'm over 10.

Mr. HUGHES. You've got plenty of time.

Mr. DEWINE. Let me ask Mr. Lawn, about the training of the DEA agents who are going down to Central America, and South America. You know one of the charges that has been made or one of the criticisms that have been made and you explored that earlier today.

I would like to get into it a little further in regard to the fact that the allegation is that these agents are actually being called upon to do work that is not so much investigative as it is tending toward what a policeman on the street does or what the military might be involved in.

You've addressed that a little bit, but I would like for you to, if you could, address a little more and specifically tell me what training, specific training that officer has before he is sent down to Colombia or whatever country we're talking about.

Mr. LAWN. Yes, sir. First, the individuals who become part of the Snowcap operation are all volunteers. Thereafter, they are sent to military training on jungle survival. That is training which is done by the military. It has been done in Panama, now it is done in great part by special forces in North Carolina.

They then are given training on land navigation by the Marine Corps, predominantly at Quantico, VA. So that in the event they are in the jungle with their law enforcement counterparts, they will know how to survive and how to get home.

Additionally, they are given language training because it is imperative that the agent in working with his law enforcement counterpart know how to speak the language.

Mr. DEWINE. How much language training do they have?

Mr. LAWN. This is very—it began with a very basic language course for individuals who had some basic ability in the Spanish language. It was a course conducted by the border patrol. We found that that was not sufficient. We expanded the training to an 8-week training cycle.

Since the same personnel return to Operation Snowcap on a recurring basis, when they come back after their first tour, their language training is again supplemented. It has a dual purpose.

First, the agent on his return to Operation Snowcap will have improved his language capability. Second, but more long term, is the fact that then we have developed another agent who over the length of his career can be used on our title 3's where we require someone who speaks the Spanish language.

Mr. DEWINE. I think you did mention that you felt that more language training would be helpful; is that correct or not?

Mr. LAWN. Yes, sir. We determined that the one time training was not sufficient in most cases.

Mr. DEWINE. There have been reports that the divorce rate among DEA agents is high. Are you aware of that fact? Is that true, first of all? If it is true, what, if anything, is your department doing to deal with that problem?

Mr. LAWN. We have no information on divorce rates. That's something that we do not keep track of. Based upon all the reading I have done, however, there certainly is a perception that in law enforcement, the divorce rate is higher than it is outside the law enforcement environment.

We do have a very active employee assistance program. As recently as 3 weeks ago when I met with the wives of our senior personnel, I told them that we were even going to expand the program so that we could deal with the children, family members who may be involved in substance abuse so that we can put them in contact with other family members as a mutual support system. We have no records on divorce rates within DEA.

Mr. DEWINE. You don't keep those at all?

Mr. LAWN. No, sir.

Mr. DEWINE. Thank you, Mr. Chairman.

Mr. HUGHES. I thank the gentleman. Probably no higher than Members of Congress, just like the arrest parade for DEA agents. It's probably better than we can show you for Members of Congress generally.

In any event, it's tough duty. It's high risk, particularly in some of these missions overseas. It's frustrating and thankless and all those things.

Let me take you, if I could, back to Operation Washington, DC, for just a minute. I didn't want to interrupt my colleague from Ohio. I suppose I precipitated the discussion more than Mr. Smith of Florida.

I don't want to make it an expose, you know, on the D.C. game plan. Let me just tell you that the first place I'd start if I had a competent police officer would be with the chief of police.

Anybody disagree with that?

Mr. LAWN. No, sir.

Mr. HUGHES. Apparently the chief found out about it right before press conference. Now, I'm not going to defend the District of Columbia. I tried to get some information about a square and lot number. It took me the better part of a day because of some of the ineptness I ran into with the D.C. government.

So I'm not going to defend the D.C. government. In this instance, we happen to have a fairly competent, well regarded chief of police. It seems to me that's where you begin any plan.

With regard to what we can share with the D.C. government, it's only been a couple of years ago when the D.C. government had to dismiss, I think, almost 300 drug cases because DEA could not process the laboratory tests.

Apparently we are doing a little better today, but that's part of the problem. The FBI can certainly help turn around some of the fingerprinting checks that we have to run, the ballistics tests and so forth, because we have such a violent capital city.

Nobody, I say to my colleague from Ohio, is saying that we should not have some game plan, because, frankly, the eyes and the ears of the world are focused upon the District of Columbia.

It's essential that we get our act together in D.C. Nobody is suggesting otherwise. It's just the modis operandi that Mr. Smith and I have some difficulty with. With regard to Operation Snowcap, frankly, I appreciated the visit.

Mr. Shultz travelled with us, as you know. He's just getting his health back from that trip to South America. My good chief counsel is looking better these days from that trip, but it was a productive trip.

We learned a great deal from that operation, among such things that I personally learned, and I've already shared them with you, Mr. Lawn, is that while it has tremendous potential, DEA is not a jungle fighting organization.

I hear you are sending TDY personnel in who don't speak the language. They can't go down there for 4 months after a training course and expect to be able to understand the language.

You can understand some. You can speak some. By the time they become more and more proficient because they are immersed, they are back home. They are often young, somewhat inexperienced.

Frankly, I'm not so sure that's a thrust I'd like to see in that kind of an operation for any number of reasons. I think one of the reasons why we have some high officials in Bolivia suggesting that we should replace DEA with special forces is because there is some concern that if we want jungle fighters, we have them.

They are called Green Berets, special forces. I think that's a wrong thrust. I think we need seasoned police officers—I realize that's tough—people who speak the language, who are good cops that understand the problems in South America who, in the past, have been able to work with our host counterparts in an exemplary fashion.

I'm not so sure that's the gist. I can understand why some people want to beat up on the operation. That's unfortunate because it's a good operation. I really believe we have the capacity to starve off much of the chemicals going into the Chapare.

Our operations to date in the Beni area of Bolivia have been very successful. Frankly, I think we need to reexamine the personnel we're sending there and take another look at the mission insofar as its operational role, which takes me into the final area and then I'll let you respond.

Operationally, I don't think DEA agents should be climbing up on trucks while the UMOPAR sits there or stands there by the side and watches our DEA agents poking holes with a probe to see whether or not there is any substance or any chemicals in the packages.

Yet, that's what is happening or was happening. I don't know how we can expect the UMOPAR or the Guardia Seville in Peru to actually perform their tasks if we are going to do it for them.

I don't perceive that to be our operational role, nor do I see that our officials should be leading the charge into laboratories in making seizures. I don't perceive that to be our role either.

After a training program and our discovery of those who can lead, then it seems to me that the foreign nationals should be the ones to lead. We should be there to encourage, support, train, and yes, even to make sure that we are getting accurate data, which is a problem.

I don't agree that our role, our operational role, should be that of actually leading the charge into the jungle against laboratories. I'd be happy to hear from you.

Mr. LAWN. Yes, sir. Let me first say that this is an evolutionary process. When Blast Furnace, which began our discussion this morning, was conceived it was just a 6-week operation.

As this thing has evolved, now these other countries are asking for assistance. I don't know who was better equipped initially to provide that assistance. Certainly, we are not trained in living in the jungle.

We have tried to affect training so that our personnel on a temporary basis could survive and not come down with the diseases that your party came down with.

Mr. HUGHES. Any success?

Mr. LAWN. It is critically important that we call upon other nations to look at what's going on in Latin America, to render assistance. As recently as a week ago, we met with officials from Italy.

Western Europe is very concerned about increasing cocaine entering Europe. They asked, after having visited Bolivia, how they could render assistance. We told them that the Government of Italy could take a leadership role in bringing personnel down to assist, law enforcement personnel to assist in those efforts, to put additional funding into UNFIDAC so that those local law enforcement personnel can get the equipment that they need to do their job.

I certainly am uncomfortable with having personnel not trained specifically for those endeavors participating in those endeavors. In the meanwhile, we do have a cocaine problem in our country.

It is a major problem in our country. We are the lead agency in drug enforcement in the world. We must respond to these countries. We are filling the void until such time that we can get other countries to recognize the major role they must play in diminishing the threat of cocaine.



Mr. HUGHES. Well, I look upon your role as being the proverbial Dutchman who tries to plug more holes in the dike than he has fingers. That takes me right into a major area of concern.

I mean, we are absolutely operating in the margin. We need double the resources we presently have in the Foreign Cooperative Investigative Program. We spend more in domestic interdiction than we do in our source and transshipment countries.

Mr. Lawn, that is ridiculous. Now you are asking for, as I see it, about nine additional new positions for the Foreign Cooperative Investigative Program. Snowcap has had a negative impact on foreign cooperative investigations in Peru because we had all the personnel working on Operation Snowcap.

That, to me, doesn't make sense because we need to do our traditional job of working with our host counterparts in developing good tactical and strategic intelligence, identifying the trafficking organizations, their patterns, trying to anticipate and disrupt.

Mr. LAWN. Yes, sir, we are doing that. We have not taken one person away from—

Mr. HUGHES. In Peru, they were all working on Operation Snowcap.

Mr. LAWN. Apparently, your briefing wasn't complete enough, because we do have a cadre of personnel in Lima whose responsibility is as it always has been the gathering of intelligence.

Mr. HUGHES. Well, Mr. Lawn, when I was in Peru, I asked the agents. I met with most of the agents, most of the country team and I talked with most of the agents one pleasant afternoon. Nobody was working in the Foreign Cooperative Intelligence missions, nobody. They are all working Operation Snowcap.

Look, I understand that. It's sexy. I think if I were out in the field, I think that's where I would want to be working. Our meat and potatoes overseas and in source and transshipment countries is collecting good hard intelligence.

We are not doing nearly enough. Certainly nine more personnel is not going to make one bit of difference. That's like a pebble in the ocean basically. We need to at a minimum to double that operation.

We are stretched so thin. I'll tell you what I fear is that we're going to lose the capability to anticipate trafficking routes. DEA is going to be under attack because everybody wants to get into the intelligence gathering act. Every time I turn around, some new agency is going to set up an intelligence center, when what we should be doing is attempting to funnel strategic and tactical intelligence through one center for law enforcement.

We are not doing that. I see a proliferation of that. I see us failing, really, in getting the kind of good tactical and strategic intelligence. It's out there. We should be working not just in our traditional countries.

It's human nature. We keep doing the same things over and over again because that's the way we've always done them. We are comfortable with that. In your statement you indicate that we have no intelligence coming out of Iran.

We have to rely upon the agency and what we read in the newspapers. That's ridiculous. We've got people coming in and out of Iran all the time. We need to be aggressively working cases.

We don't have the resources to do it. What we do is channel our resources in the traditional areas so we are not getting good tactical intelligence in some areas. We have to rely upon what we read in the newspapers.

Mr. LAWN. Congressman, if you look at the rest of our budget, however, that's precisely what we're saying in this budget request. We're saying we request \$7.4 million for intelligence because, while the Congress has been very generous in giving us agent personnel, we have a total of 253 analysts in DEA. In this budget, we are requesting 80 additional analysts to bring us back to where we were just a few years ago. That is 1 intelligence analyst for every 10 agents. That's precisely what we're asking for.

Mr. HUGHES. But we are still spread very thin. We have some special agents overseas handling three and four countries. They can't do it. We're overwhelmed with work in other countries.

I mean, in South America we are spread very, very thin. That's where the action is. Frankly, we have a lot of good programs. The Riverine program of Bolivia is excellent. Is it underway?

Mr. LAWN. Yes, sir.

Mr. HUGHES. When did that get underway?

Ms. WROBLESKI. The first seizure, as I recall, Mr. Chairman, was the last week in February.

Mr. HUGHES. Do we have a vessel?

Ms. WROBLESKI. We have all the boats in the water that we had anticipated having at this time and we're going to order four to six more, as I recall.

Mr. HUGHES. Anything larger than a rowboat?

Ms. WROBLESKI. Well, the *Boston Whalers*, as you know, the piranhas, are about 26 footers.

Mr. HUGHES. But we do have a Riverine program underway?

Ms. WROBLESKI. Yes, it's underway and going well. I saw the ambassador this morning. It's a longtime coming.

Mr. HUGHES. Some of the initiatives that are underway in South America are exciting, new initiatives. I don't want to take away from the initiatives.

Mr. Lawn, we are not funding the Foreign Cooperative Assistance Program like we need to. I mean, would you agree that from a standpoint of the supply, the more that we can disrupt in source and transshipment countries, the easier time we're going to have in this country and around the world? Any question about that?

Mr. LAWN. Yes, sir, I do have a question about that. I certainly support more personnel overseas, but we must be very careful. You certainly are aware of the clandestine lab problem that we have in our own country.

Mr. HUGHES. We're going to get to that. Let's stick with this. We don't have enough moneys. Clandestine labs are a diversion problem. Let's stick with the Foreign Cooperative Investigative Program.

To my way of thinking, that's one of the most important programs that we have. We are seriously underfunding it. We need to be developing regional intelligence centers around the world so that we can do a better job of intelligence gathering.

While you have provided a great deal of leadership with the international community and with your position in the last few

years, there is a lot more that we need to be doing and we're not doing it as a country.

We're not doing nearly enough. It's not in just the interest of the source and transshipment country, it's in our interest. Once that contraband comes into our country, as you know better than most people, it's like finding a needle in a haystack.

Good, hard intelligence is the name of the game. We're not working nearly the cases that we need to be working overseas. Almost every time I visit some countries, I see a misapplication of resources where we don't have a caseload.

We're hoping that the governments will come around, such as in Mexico where we see some movement. We have, what, 30 agents in Mexico right now? What kind of a caseload do we have in Mexico? What are we working in Mexico now; any idea?

Mr. LAWN. Yes, sir. We have told our personnel in Mexico that their primary role in Mexico is intelligence gathering.

Mr. HUGHES. Well, law enforcement, whether it's overseas or here, is labor intensive. We have the capacity, would you agree, to work a lot more cases in many parts of the world than we are now working?

Mr. LAWN. Clearly, yes, sir.

Mr. HUGHES. Then why aren't we committing more resources?

Mr. LAWN. Because there is only so much money in the funds, sir, and we must, each year—

Mr. HUGHES. But, you know, I have to ask a question. Are we serious about doing something about drugs or aren't we serious? The American public wants us to do something.

Are we going to engage in a lot of symbolism, a lot of rhetoric or are we going to really get down to the hard case of trying to develop on the supply side and the demand reduction side? We're just concerned today with the supply side.

We're going to get down to the serious case of trying to put our money where our mouth is. I don't see us doing that.

Mr. LAWN. Well, sir, I can absolutely agree with you. You gave us the drug bill last year and you didn't give us the money behind the drug bill. That's not law enforcement's fault.

If we get what was funded last year, we can do an outstanding job.

Mr. HUGHES. If the President of the United States or OMB—we all seem to march to their tune—were to say that we need an additional \$1 billion toward drug enforcement. Is there any question in your mind that we will get it in this Congress?

Mr. LAWN. We would certainly have authorized—

Mr. HUGHES. Every year I and others have to fight with the administration to get money for police officers for Mr. Turner so they can hire more police officers, get better equipment and communications, so that they can develop new initiatives at the street level.

The police officers are the ones who have to fight the drug war in this country. They prosecute 95 percent of the street crime as you well know. It's been a losing battle. The funding has been difficult as you know.

We passed a major drug bill to which this subcommittee contributed all of title 1. All the law enforcement section came out of this subcommittee. We passed all kinds of new tools, strong new tools.

Everybody beats his chest and is happy about what we've done. We should be. Then we turn around 4 months later and what do we do? We've got the budget. The President submits a budget and law enforcement takes a shellacking.

You know, it's a matter at this point of deciding whether we are going to get serious about it. Frankly, the one area that I'm troubled about the version. You've heard me speak about is diversion. I mean, that's a homegrown problem.

We're not doing nearly enough. We're not doing nearly enough with clandestine laboratories. We're not doing nearly enough with our task force operations. We should be expanding them around the country.

You know, if we really want to get serious about it on the supply side, we can do something. I'm convinced that Operation Snowcap can dry up the contraband coming out of the Chapare. I'm convinced we can do that.

We're going to have to make some midcourse corrections, I think, in our approach; otherwise, we are going to have the authorities in Bolivia and ultimately the authorities in Peru, but particularly Bolivia, on our case unless we make some corrections on our operational role in those countries.

I'm persuaded that we can do a lot more in source and transshipment countries and it will make a dramatic difference. I would like to see you ask for another half a billion dollars, Mr. Lawn, for all your missions. You could use it.

We wouldn't have to be sending TDY, temporary officers, rookies in many instances, down to Bolivia where we need seasoned police officers. You wouldn't have ambassadors suggesting that we don't need a DEA any more.

What we don't need is the Army, special forces who are not police officers who don't have the training and should not be in there. Besides that, I can see the whole 51—your illustrious history of the DEA being stained unless we sort out just exactly what our mission is overseas because the pride of the DEA has always been that you work with your host counterparts.

You are there to help them. Sometimes you have to tell them, you have to cajole them, but we're there to help them. They feel strongly about the way we treat officials in their country.

They recognize the DEA has helped them. We're there to provide training and other things and we've developed a very unique relationship with them. You start talking about military type operations, paramilitary type operations where we're going to take the operational role, where people see that we're climbing up on trucks, checking people's baggage in their country, and we're inviting disaster. That's how I see it.

I've used my time. Is there anything that you'd like to say?

Mr. LAWN. I certainly support your position that we need additional funding, additional personnel. It's very difficult to go out and talk to our own personnel who say, "When is the calvary coming?"

I say this year we will have 84 agents finishing new agent training. Every Member of Congress calls regularly about putting additional personnel in their judicial districts. Clearly, a whole lot more can be done, but resources are necessary to do the job.

Mr. HUGHES. Well, this subcommittee for the last 8 years has provided DEA and law enforcement with a lot of new tools, the chemical tracking bill being the most recent of these tools, which I envision to be a dramatic new tool.

Is there anything else that we can provide that you see?

Mr. LAWN. No, sir. If you look, you indeed have provided the tools. You can see how we have responded to the tools we have been given, the asset seizures. Seventy-three percent of the money in the asset fund is money that DEA put in there.

Eighty percent of the organized crime drug enforcement cases are DEA cases. We seized \$150 million more than our annual budget last year. We have used the tools. We have used them well.

We certainly need additional resources so that the tools that you've given us can be used as efficiently as they should be.

Mr. HUGHES. The gentleman from Mississippi.

Mr. SMITH of Mississippi. Thank you, Mr. Chairman. Let me go back just a moment to the Washington situation where you've had some questions asked this morning about when you first went to the chief of police.

I'll add my accolades to Chief Turner and his professional standing in the law enforcement community and say that he does a good job. I would think that in this planning process, that you had the thoughts of keeping this plan under raps until it was released; is that correct?

Mr. LAWN. Let me say, Congressman, that the planning process—we did have input into the planning process. This was not our plan, however. As to what contexts were made fell outside the purview of what our role was in the planning process.

Indeed, the chief of police should have been part of the planning process. That's the way task forces work.

Mr. SMITH of Mississippi. In this situation, if you were trying to keep any secrets here or the lid on the situation at all, my understanding of the reporting process is that the chief of police reports to the Mayor; is that correct?

Mr. LAWN. Yes, sir.

Mr. SMITH of Mississippi. So any procedures were passed on to him or any planning strategies would have been reportable to the Mayor upon any question being asked the chief of police; is that correct?

Mr. LAWN. I would say generally that would be the way the procedure would work; yes, sir.

Mr. SMITH of Mississippi. So there may be a legitimate reason that that person was not included in the planning process if he were not included. He may have asked not to be included for some reason. I don't know whether he did or not.

Mr. LAWN. Yes, sir, nor do I know what steps Mr. Bennett's staff took in that regard.

Mr. SMITH of Mississippi. It's understandable to believe that if he were included in the process, and the Mayor, Mayor Barry of Washington, DC, asked him the question, he would have to reveal those plans; is that correct?

Mr. LAWN. Oh, yes, sir.

Mr. SMITH of Mississippi. In the past, in your appropriations requests for DEA and for FBI, Mr. Daniels, in the Appropriations

Committee, where was that appropriations cut? Was it cut in committee, or was the administration's request cut in Appropriations Committee?

Mr. LAWN. No, sir. The Appropriations Committee, in general, has been most supportive. It has been—in the budget process, the appropriation requests have been limited.

Mr. SMITH of Mississippi. You're telling me that your requests to the Appropriations Committee have not been cut at all?

Mr. LAWN. Certainly there have been cuts, but the major cuts have not been through the Appropriations Committee.

Mr. SMITH of Mississippi. Are those cuts below what the administration recommends?

Mr. LAWN. I don't believe so; no, sir.

Mr. SMITH of Mississippi. I'd like those figures for the DEA and if you would answer that, Mr. Daniels, for the FBI. The chairman had mentioned a while ago the deep cuts by the administration.

I want to know whether the cuts came from the administration or whether the Appropriations Committee cut what the administration recommended for DEA and the FBI. Mr. Daniels, do you know that?

Mr. DANIELS. No, I don't, sir, but I can find out for you.

[Information supplied by the DEA follows:]

#### Budget History

Mr. Smith requested the amount of DEA's budget requests and approved budgets for FY-81 through FY-89. The information follows:

<u>Year</u>	<u>Request to Congress</u> (Millions)	<u>Program Supplemental</u> <u>or Amendment</u> (Millions)	<u>Final</u> <u>Congressional Action</u> (Millions)
1981	205,235	8,354	216,175
1982	228,524	4,860	241,709
1983	246,945	975	255,496
1984	275,623	12,000	290,623
1985	334,651	2,700	336,494
1986	345,671	35,886	363,660
1987	411,329	67,500	490,193
1988	494,076	--	494,076
1989	538,072	30,000	534,450

[Information not provided by FBI:]

Mr. SMITH of Mississippi. OK, if you will, and submit that to us. Briefly, another question was touched on today that does not have that much to do with the interdiction or source country smuggling problem, but weapons of choice for people involved in drug trafficking. Mr. Lawn, could you talk about that just a moment, please?

Mr. LAWN. Yes, sir. Last year, in DEA operations, we seized approximately 5,000 weapons, about 30 percent of which were automatic, semiautomatic pistols. Another 30 percent were revolvers.

As far as the other breakdown of long weapons, I would have to give you that breakdown for the record.

[Information not provided.]

Mr. SMITH of Mississippi. Do you keep statistics on assault weapons?

Mr. LAWN. We do keep statistics on automatic, semiautomatic, long weapons, revolvers. As to the breakdown as to the particular nomenclature of the weapon, no, sir, we do not.

Mr. SMITH of Mississippi. So what that tells me, then, you have not had a specific problem with the so-called term "assault weapon." You just have a category of semiautomatic weapons, et cetera?

Mr. LAWN. That's right. We've had a problem with the semiautomatic, automatic weapons increasing in the past 18 months. I can certainly furnish the report that we provide to the chairman regularly for the record.

Mr. SMITH of Mississippi. Mr. Daniels, same question on assault weapons.

Mr. DANIELS. We have also seen, Congressman, a dramatic increase in the use of automatic weapons and assault-type weapons. If you recall a few years ago, we had two of our agents killed in Miami and four additional agents wounded by one individual armed with, I believe, an AK-47. That was 2½ years ago. We have seen a dramatic increase.

Mr. SMITH of Mississippi. It's interesting that you brought that up in another hearing last week. The question arose about that. What were those agents armed with that day?

Mr. DANIELS. The agents were armed with a variety of weapons; 9-mm automatic weapons, revolvers, and I believe one agent had a 12-gauge shotgun. The tragedy of that particular situation was that both subjects, one subject had only fired, I believe, one round, but both subjects were hit several times with what would have eventually been fatal shots.

Unfortunately, they did not go down at the time and continued firing. The one individual who did all the damage kept firing with the automatic weapons. The majority of the weapons, I believe, were revolvers and I believe one or two 9-mm weapons.

Mr. SMITH of Mississippi. Am I incorrect—and I would also like this information—that there were only two shotguns that the bureau had, one of which was in the trunk of the vehicle?

Mr. DANIELS. No, the one shotgun was in the back seat of the bureau car when the pursuit, which was totally unexpected, took place. The entire situation was based on a calculated guess by the supervisor at that time.

They spotted the vehicle and fell in behind it, one car did, and followed the car. Another individual's car followed behind. They were spotted, obviously, by the subject and a chase ensued.

It was decided that rather than—because we saw—the agent saw him loading up the automatic weapon. Rather than take the chance on letting these individuals get to a major highway where we could have had injury or death of private citizens, they forced them off the road and a fire fight ensued immediately.

The agent that had the weapon in the back seat of the car came out of the car with his revolver, emptied his revolver. When he went back to get the 12-gauge in the back seat is when he got hit in the back of the neck and suffered a very, very serious wound. He survived.

Mr. SMITH of Mississippi. Was the Bureau policy at that time to keep those shotgun locked in the trunk?

Mr. DANIELS. No, sir.

Mr. SMITH of Mississippi. Has there ever been?

Mr. DANIELS. The policy is that if they are not in use, we must lock them in the trunk of the car so they are not stolen. Anytime there is a potential arrest situation, a vest and shotgun are required.

So this was not an arrest situation. This was strictly an educated guess, and it turned out to be true.

Mr. SMITH of Mississippi. In that case, you had how many agents that day working surveillance on those banks?

Mr. DANIELS. Well, we had at the time—and I would have to double check the figures—I believe we had on that particular surveillance, we had a total of about 14 agents involved.

One particular agent had gone temporarily out of service during the course of surveillance. He is the agent that did have in his vehicle an automatic weapon, assault-type weapon.

By the time he got back into his vehicle, the surveillance had progressed so far that he was not able to respond quick enough.

Mr. SMITH of Mississippi. Thank you. Thank you, Mr. Chairman.

Mr. HUGHES. The gentleman from Ohio.

Mr. DEWINE. I have no questions, Mr. Chairman.

Mr. HUGHES. Ms. Wroblewski, when I was in the upper Huallaga Valley just about a month and a half ago, I had an opportunity to overfly much of the upper Huallaga Valley, quite far north of Tingo Maria.

I had been there previously, about 1983. What struck me most of all was how widespread in just a matter of a little over 5 years coca growing has become. You couldn't look anywhere and not see maceration pits and coca fields.

We seem to have lost ground, I mean significantly. I see some of the estimates of the amount of coca being grown. I wonder if whoever compiled those statistics ever took an airplane ride over the upper Huallaga Valley.

Ms. WROBLEWSKI. The statistics, I agree with you, are shocking as is there is nothing as shocking as actually seeing it. It may be of interest to note that the committee—we estimate that the cultivation in the Andes has been increasing at a rate of 10 percent per year.

This year is an exception year in that eradication of coca in Peru for the first time met the expansion of the crops. So that this is the first time—and this is a major victory in terms of eradication—there was no net growth in Peru. That is offset, unfortunately, by a 20-percent growth in Bolivia.

Mr. HUGHES. What do you have to base that on?

Ms. WROBLEWSKI. We do a fair amount of surveying, both from a ground perspective as well as from the air. The statistics that we compile are compiled on an interagency basis with the law enforcement community, particularly Mr. Burn's shop at DEA, as well as through the intelligence community.

Mr. HUGHES. Well, in the upper Huallaga Valley, we are just engaging in manual eradication. That operation has been pretty much stopped for now as I understand it.



Ms. WROBLESKI. That's right because of the security consideration.

Mr. HUGHES. Now because of the security problems in the upper Huallaga Valley, but previous to that, let's say back prior to March 10 or thereabouts, we were engaged in eradication.

We were hiring coca workers from around Tingo Maria and the fields 15, 20, 25 miles over north of Tingo Maria and other places around Tingo Maria. We were trying to eradicate manually.

Ms. WROBLESKI. That's right.

Mr. HUGHES. I mean, I don't know how we could possibly accomplish much of anything.

Ms. WROBLESKI. I couldn't agree with you more.

Mr. HUGHES. I wouldn't want to draw a parallel I've often drawn because there are ladies present, but I think we're losing ground. I don't have to be a scientist to see that we're losing ground. I can see we're losing ground.

Ms. WROBLESKI. There is no way—excuse me for interrupting—there is no way in my view, and I think Mr. Lawn would share this view—that we can make a sizable dent in coca production in the Andes if we are forced to operate manually. There's just no—

Mr. HUGHES. I saw something else I found interesting. The certification process seems to be driving policy which I find interesting because certain areas in the upper Huallaga Valley are considered in the certification process.

If you move the coca workers into an area 15 to 20 miles within the certification process, that counts. So we are moving coca workers 15, 20 miles away, flying over fields of coca leaf because those fields don't count and we are taking them 15, 20, 25 miles from Tingo Maria where it does count.

Can you explain that to me?

Ms. WROBLESKI. I'm not familiar with that. There may be licit fields in the interim; that would surprise me. I will say that the certification does, to a certain extent, drive policy because certification is tied to eradication.

It's not tied to interdiction. It's not tied to money laundering. It's not tied to enforcement. It's tied to eradication. In that respect, it does drive policy. It also drives operational security considerations.

As you know from your trip, the dangerous part of our operations in the Andes is the eradication because of the predictability of dropping coca workers into fields and coming back to pick them up. That is the way the legislation is written.

Mr. HUGHES. Well, that's a major security concern not just because we're flying the coca workers in but we have to pick them up. We only have—what is it?—three choppers?

Ms. WROBLESKI. Well, it's very predictable. If you are going to put 40 people someplace, you're not going to leave them there overnight.

Mr. HUGHES. Anybody can hear the choppers and nobody else has choppers in the area, so it gives the Shining Path an opportunity to move their people in. Then we have to go back and pick them up.

Sometimes, I understand, we make four and five trips in the morning and four and five trips in the afternoon. In fact, when one

of our helicopters got shot up, it was because they had forgotten some people and had to go back. That's when they got shot up.

Ms. WROBLESKI. That's why we have spent an enormous amount of time and energy focused on herbicide questions. Can we find a safe, efficient, effective herbicide that we could spray, as we do in Mexico, as we do in Colombia, Pakistan, Burma, elsewhere around the world, so that we could take care of the security considerations, get those people up off the ground.

Twenty-seven workers have been killed eradicating coca manually.

Mr. HUGHES. Well, do you think that the bottom line is that we can aurally eradicate a coca bush with the tremendous proliferation that is taking place; that we should put a major focus on eradication?

What are we accomplishing if we are losing ground, if every time we eradicate one field—all we are doing is pruning as I understand. We heard some of the technicians explain to us that actually what we are doing when we prune is that it grows faster.

Ms. WROBLESKI. Well, I must say we are still looking at that issue. I think, my personal view is that until you take out the coca crop, you had better be prepared to spend an enormous amount of money on interdiction and enforcement in this country.

The crop is the traffickers capital investment. That's why we have 27 coca workers who have been killed. When you start reducing their capital investment, they get worried. Can we do it without an herbicide? No, nor do I think we can eradicate opium in Mexico.

Mr. HUGHES. Does an eradication program make sense if we don't aurally eradicate? I mean, we are talking about a sea of coca. We're talking about hundreds and hundreds of miles of coca bush. We're eradicating only a couple fields.

In fact, a few years ago, we were privileged to be with DEA in the Barranquilla area of Colombia where they grow, as you know, a lot of cannabis. We flew over fields where it was growing back almost as fast as they take it down in some other areas. I question whether that's a good allocation of resources.

Ms. WROBLESKI. I think I can speak to the Barranquilla question, through a repeated program of aerial eradication in northern Colombia, the Colombians reduced by 85 percent the marijuana growing in that country.

Mr. HUGHES. That's because of the aerial eradication.

Ms. WROBLESKI. The lesson there is that if you grow, your crop is going to be wiped out. It doesn't take a long time for even campesinos to—

Mr. HUGHES. That's before they went to aerial eradication. Before that, we were manually eradicating.

Ms. WROBLESKI. That's right.

Mr. HUGHES. There is no way in the world that we can manually eradicate faster than these folks can grow it. It's indigenous to the area.

Ms. WROBLESKI. Not that amount of coca, no, that's correct. As I say, this year for the first time in what is a major victory, we stayed even in Peru.

Mr. HUGHES. Mr. Daniels, I hope you don't feel you've been left out because I remembered I want to get back to where we draw the line.

FBI, over the years, has done a magnificent job with their financial investigations in money laundering, identifying trafficking organizations, particularly where organized crime is involved.

There is a very important role in narcotics because you can't separate narcotics from organized crime today. I recognize that. Let me ask a specific question. You get information in your Philadelphia office that there is a major trafficking organization developing in Brazil.

You have secured through a wiretap information that suggests that it is a fairly new organization developing new routes. What would be your role in handling that information? What would be your response?

Mr. DANIELS. That particular information would be considered to be intelligence information and it would be disseminated to DEA because DEA has responsibilities in that area in Brazil.

Mr. HUGHES. It's your view that because of a special relationship that has developed over the years in Italy and Canada, that they are just unique situations.

Mr. DANIELS. It's a very unique situation, Congressman, but one thing I failed to mention when I was explaining those two situations, that nothing is done unilaterally.

The country attache in Italy and in Canada is well aware of and made aware of everything and anything that is done. So it's not done in a vacuum just by the FBI.

Mr. HUGHES. Well, Mr. Daniels, I'm sure that's true in a lot of offices. Let's face it, that's not always the case in field offices. It varies from office to office. The relationship between DEA and FBI is good in some offices, excellent in others and lousy in the rest.

Some offices share the information and some offices don't share the information. The point I'm trying to make is that we have a serious problem. We have so many law enforcement agencies, you know, with overlapping missions, that after a while it is hard to separate out missions.

That's why we see so many turf battles and so many problems. I've seen instances where we've had three wiretaps going in the same general area on the same subject because nobody talked to one another.

Mr. DANIELS. I have not—maybe Mr. Lawn has—I have not experienced that, Congressman. We take great pains and DEA takes great pains to coordinate every investigation when a case is opened up.

A DEA-6 is initiated. We do that for two basic reasons: To avoid the duplication of effort; and the second reason which is, in my opinion, far more important, to protect the lives of our agents.

We don't want our FBI agents nor do we want DEA agents coming into operations, and we don't want to go into any of their operations.

The system, although it's not absolutely 100 percent perfect, is a system that does enable us to at least coordinate if we do come across a situation where we do have investigations on identical sub-

jects or subjects that are connected. It's a joint investigation. That has occurred several times.

Mr. HUGHES. There was a proposal a number of years ago that surfaced when Rudy Giuliani was the Associate Attorney General of the Justice Department which proposed a merger, a formal merger of the FBI and the DEA.

What is the official position of the FBI today on that suggestion?

Mr. DANIELS. I don't believe the FBI has a position on that. This is a decision that will have to be made by the Attorney General. We have submitted information that basically shows the pros and cons of a merger situation.

Back, I believe it was, under Attorney General Meese when he made the decision that there would be no merger, the two agencies functioned very well together. There was a linkup committee that was established to link up various functions of both agencies.

As far as the FBI is concerned, the latest word that we have is from then Attorney General Meese that there would be no merger. That's the way we operated.

Mr. HUGHES. Well, I understand, and correct me if I'm wrong, that recently, like within the past year, Judge Sessions has resurrected that issue; that there was, at least staff work done, which suggested that Judge Sessions believed that that was something that should be taken up once again by the administration. Am I incorrect in that?

Mr. DANIELS. Yes, sir, you are. Congress raised that issue in the drug czar legislation because in the drug czar legislation, it specifically States that the drug czar will after—I believe it's 1 year, by January 1990, will submit to the President and Congress his recommendations regarding consolidation of agencies.

So I believe the reason the Director raised that issue as an issue for the administration to consider is that it is in the legislation.

Mr. HUGHES. I understood, and correct me if I'm wrong, that that question arose prior to the time that the Anti-Drug Abuse Act of 1988 was signed into law.

Mr. DANIELS. I don't believe it had. I could be wrong, Congressman.

Mr. HUGHES. Could you find out for me?

Mr. DANIELS. Yes, sir, I certainly could.

Mr. HUGHES. Could you share with me whatever memorandum exists on the part of the FBI analyzing that particular suggestion?

Mr. DANIELS. Yes, sir, I'd be happy to.

[The information was not provided.]

Mr. HUGHES. Mr. Lawn, in the area of the chemical tracking bill, I understand we've developed some problems, minor I hope, in the development of regulations.

Time doesn't permit us today because I know you've been here a long time and I've got other things that I must do, but I'd like for you, if you would, to provide some personnel, maybe Gene Haislip and others, to sit down with us and walk us through the regulations.

I must be frank and admit I have not examined it carefully, but there's been some suggestion that the regulations do not indeed implement what was intended by the Congress when passed.

Now I realize DEA sought a number of provisions that were not included in the legislation. I would hope that DEA has not attempted, through regulations, to do what Congress did not do by law.

If we could do that, I think perhaps we can try to nip any problems in the bud.

Mr. LAWN. Yes, sir. We'd be delighted to do that. I am aware of no major problems that have existed. The Congressional Record, the 30-day time period for comments closed on March 27.

We are getting ready now to publish the final order. We have met with chemical companies on two different locations. There have been issues raised, no serious concerns of which I'm aware of, but I'll be happy to provide any background material that is available to us.

Mr. HUGHES. Well, this subcommittee, I think, shares your view that the chemical tracking initiative is a dramatic new tool that will enable us to put additional pressure on traffickers, starving them of chemicals and doing a better job of identifying the diversion of chemicals into illicit uses, domestically as well as internationally.

I know that you've told us over the years, and we believe it, that what we need to do is find all pressure points. This is an important pressure point. I just hope that we are going to, in addition to implementing it properly, provide the resources you need to carry out your mission.

What kind of funding are you seeking for it?

Mr. LAWN. The funding—I don't have the exact figure. Perhaps Mr. Haislip could help, perhaps not.

Mr. HAISLIP. I don't have the exact figures of the funding we're seeking in the new budget, but we have devised a resource plan to respond to these. It is being examined by the agency management.

Mr. HUGHES. What does that mean, Gene?

Mr. HAISLIP. That means we're working on it, sir. I would like, if I can, to comment on one further part of this. There are no existing regulations implementing the act at this time. There has only been a proposal.

Mr. HUGHES. I understand that. We hear about problems in the hinterlands. It's an important program and I thought perhaps we could offer our good offices to see if we can't facilitate it and get us off on the right track.

How much money do you need, Gene, for the program?

Mr. HAISLIP. I can tell you better in the positions without translating it into money. We need some programs throughout the United States with agents and support personnel to be effective. We need perhaps in excess of 100 positions just to sort of get it up.

We also need—it may well be we need additional positions overseas, particularly South America because we are going to have to have fairly intensive cooperative effort with those governments if they are willing to make it work.

Mr. HUGHES. They are. They see the wisdom in doing it. We need resources to do it. I know it's at least 100. What I'd like to have is your game plan.

I'd like to know the kind of resources you need. Let's be bold. Let's decide what we really need to implement it. I'm not talking

about wasting resources. I'm talking about resources that we can put to work tomorrow.

Let's get some figures together. The same thing with the diversion program; we've been operating in the margin in diversion. We still haven't developed the capacity to move, in a mobile fashion, diversion units around the country.

We're doing a little better than we once did, but we can do better than that. I think we have a President who wants to do something about drugs.

I think if you tell the President what you need, he's going to give it to you. What the President asks for, the Congress is going to provide.

[The information provided by Mr. Haislip follows:]

#### IMPLEMENTATION OF CHEMICAL DIVERSION AND TRAFFICKING ACT

To fully and effectively implement the Chemical Diversion and Trafficking Act, DEA must dedicate the following resources: 137 diversion investigators, 127 special agents, 13 program analysts, 1 computer programmer and 29 clerical support positions for a total of 307 positions.

These positions will be responsible for: Responding to industry reports of suspicious orders; conducting followup investigations resulting from lab seizures; conducting compliance audits of the chemical industry; conducting followup investigations resulting from compliance audits; conducting import and export investigations; processing import/export permits; and implementing a field and national chemical industry liaison program.

Additionally, \$548,000 is required to purchase 137 lap top computers which will provide for direct entry and processing of chemical information onsite by the diversion investigators. This will result in a minimum of 20 percent manpower savings on the audit portion of the chemical investigation program.

Mr. HUGHES. Recently in my district, there has been some concern about the possible distribution of tatoos attractive to children that are reportedly laced with LSD. To the best of your knowledge, these reports are unsubstantiated, a hoax. Do you have any idea?

Mr. LAWN. Yes, sir. We have researched that and we have come up with no information which would support the fact that these tatoos used by children are laced with LSD.

Mr. HUGHES. Unfortunately, in this particular case, these false reports indicated the source for the false information was a reputable pharmaceutical company, Ciba-Geigy of New York.

Ciba-Geigy officially had nothing to do with it, I understand. Are there any other instances of these drug scares around the country, to your knowledge?

Mr. LAWN. No, sir, none of which I'm aware.

Mr. HUGHES. In general, when the public receives reports such as this, where should they turn for verification?

Mr. LAWN. Certainly to any DEA office which would be transmitted to our headquarters.

Mr. HUGHES. All right, thank you. I thank you for your testimony today. The gentleman from Ohio; sorry.

Mr. DEWINE. Thank you, Mr. Chairman. Mr. Lawn, let me just ask one question about Colombia. There's been a history down there of threats and intimidation as far as the prosecution. What is the status of prosecution of drug dealers down there now? Is it moving forward? Where are we? Where are they?

Mr. LAWN. The situation in Colombia is desperate: 12 supreme court justices murdered; 24 judges murdered; judges threatened every day; law enforcement personnel killed every day.

Drug traffickers have neutralized the judicial system in Colombia.

Mr. DEWINE. Neutralized it?

Mr. LAWN. Neutralized it; they've made it ineffective. But enforcement effort continues. There have been Herculean efforts made on the enforcement side. The destruction of labs is most impressive by the Colombia national police. They've seized in excess of 1.2 million gallons of chemicals, many of which are chemicals manufactured in the United States. That's why the chemical bill is of such importance.

As far as the arrests and prosecution of major traffickers, that just is not happening in Colombia.

Mr. DEWINE. So they can destroy the labs, they can do the physical things, but once they get beyond that they can't do any prosecution?

Mr. LAWN. Yes, sir. Major organizations see the destruction of labs or the seizure of their chemicals as the cost of doing business. When we really hurt them, as we have done in Operation Polar Gap, is when we seize their financial resources.

Mr. DEWINE. Could you briefly tell me the status of your task force in Ohio and Cincinnati in particular?

Mr. LAWN. Yes, sir. The task force in Cincinnati is supervised by a local police officer. It is a model task force. The task force has made any of a number of class I and class II arrests of violators.

They have seized substantial quantities of assets and have been termed by the special agent in charge of our Detroit office as a model task force in the country.

Mr. DEWINE. Now a task force like that would have people from DEA, FBI; is that correct?

Mr. LAWN. No, sir. This is a task force, a DEA task force, Cincinnati police, I believe Hamilton County.

Mr. DEWINE. So no FBI would be involved in that?

Mr. LAWN. No, sir. Ordinarily the FBI is not involved in our task force efforts around the country.

Mr. DEWINE. What is the blend between the local and the DEA as far as numbers?

Mr. LAWN. The general ratio in task forces is one DEA agent for every six State and local officers. I don't know the specific blend in the Cincinnati task force, but that, in general, is the equation we use.

Mr. DEWINE. How many task forces like that do you have?

Mr. LAWN. We have now 56 task forces throughout the country, 44 of which are funded. The others are provisional task forces. For funded task forces, we provide vehicles, and the overtime pay for State and local officers.

The total cost for our task forces around the country is about \$25 million. Last year, personnel in the task force program seized in excess of \$83 million in trafficker assets.

So these task forces are seizing three times what we have in money to support them. Sixty percent of their arrests are class one and class two violators. The task force concept, as Chairman

Hughes has said, is a most viable way of dealing with the drug problem in our country.

Mr. DEWINE. The prosecutions normally go into the State courts or Federal or both?

Mr. LAWN. Generally, we will look to see where the violator will do the most time. If we find that——

Mr. DEWINE. That's a good principle.

Mr. LAWN. Yes, sir, we try to be fair.

Mr. DEWINE. Yes, thank you. Thank you, Mr. Chairman.

Mr. HUGHES. I just have a couple other questions. Can we assume that with the chemical tracking bill that we'll have time to sit down with you before regulations become final?

Mr. LAWN. Yes, sir, most certainly.

Mr. HUGHES. Finally, I just want to thank you for arranging our trip to South America, which I said at the outset was very successful, and for freeing up Frank Shults who was very, very helpful to us. We appreciate that.

Thank you. That concludes—yes. Ms. Wroblewski.

Ms. WROBLESKI. Could I take the opportunity to thank you for going to South America which, in our view, not many members or not enough members take advantage of the opportunity; and to say that anyone else from the subcommittee who would like to go, we would be delighted to have you come and look. It's a part of the world that we don't see a lot of congressional visitors.

Mr. HUGHES. Well, I'm going to tell you, it was a great trip for me. I learned a lot. We don't always learn what we need to learn at these hearings. Field trips are very educational.

In addition to that, when I came back, the first thing I did was to register for Spanish. I'm taking Spanish 3 days a week because I'd like to know what the translators are saying from time to time.

Thank you very much. That concludes the hearing. The subcommittee stands adjourned.

[Whereupon, at 1:15 p.m., the subcommittee adjourned, to reconvene subject to the call of the Chair.]



## APPENDIXES

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### APPENDIX 1.—SUMMARY AND PREPARED STATEMENT OF LT. GEN. STEPHEN G. OLMEAD, USMC, DEPUTY ASSISTANT SECRETARY OF DEFENSE FOR DRUG POLICY AND ENFORCEMENT/DIRECTOR, DEPART- MENT OF DEFENSE TASK FORCE ON DRUG ENFORCEMENT

#### SUMMARY STATEMENT OF LIEUTENANT GENERAL STEPHEN G. OLMEAD BEFORE THE SUBCOMMITTEE ON CRIME HOUSE JUDICIARY COMMITTEE APRIL 13, 1989

The 100th Congress passed Public Law 100-456 which assigns to Department of Defense (DoD) the lead agency responsibility for detection and monitoring of aerial and maritime drug smuggling threats to the United States. It also directs us to develop a plan for the integration of command, control, communications and technical intelligence (C3I) assets dedicated to drug interdiction into an effective communications network and to oversee a program of enhanced use of the National Guard, under the direction of state governors, in the battle against drug smuggling.

The Joint Chiefs of Staff have been delegated the responsibility for the mission of monitoring aerial and maritime drug smuggling activity and the Commander-in-Chiefs (CINC's) of the Atlantic, Pacific, Southern and NORAD commands are busily proceeding toward that objective. We are on track toward meeting our deadline of May 1 for delivering to the Congress the required plan for the integration of C3I assets dedicated to drug law enforcement, and the first 12 plans for the enhanced use of the National Guard were approved by the Secretary of Defense on March 30, with the remainder to follow shortly.

Specifically with regard to Drug Enforcement Administration (DEA), DoD provides support in the areas of training, staff support services and loan of material. More than 250 DEA agents were trained by the DoD in FY 1988 and we have three officers assigned full-time to DEA to assist with various planning functions. A wide variety of material and logistics support has long been provided by DoD to DEA.

We are pleased with our relationship with DEA and are proud of our significant contributions to their fine efforts.

## STEPHEN G. OLNSTEAD

Stephen G. Olmstead (Lieutenant General, USMC) is the Deputy Assistant Secretary of Defense for Drug Policy and Enforcement, OASD(PNAP).

General Olmstead was born in Albany, NY, November 10, 1929 and graduated from Bethlehem Central High School in 1947. He attended Champlain College in Plettsburg, NY and holds a B.S. degree in Military Science from the University of Maryland (1963) and an M.S. in International Affairs from George Washington University (1970).

Enlisting in the Marine Corps in August 1948, he participated in the Korean Conflict as a squad leader with the 3d Battalion, First Marines, 1st Marine Division. He attended the Basic School, Quantico, VA, and was commissioned a second lieutenant in June 1951.

General Olmstead remained at Quantico and served consecutively as a platoon leader and a company executive officer of the Demonstration Troops until January 1953. He also attended the U.S. Naval Justice School, Newport, RI, during this period. He was promoted to first lieutenant in October 1952. General Olmstead then served as Executive Officer, Marine Detachment, aboard the USS NORTHAMPTON, until October 1954, when he was transferred to Manchester, NH, as Inspector-Instructor, 18th Rifle Company. He was promoted to captain in March 1954.

In October 1957, he was ordered to Camp Lejeune, NC, and served as Assistant S-3 Officer, 2d Battalion, Eighth Marines, 2d Marine Division. In January 1958, he was reassigned as a company commander, 2d Reconnaissance Battalion, 2d Marine Division, and attended the Advanced Infantry School, Fort Benning, GA, from July 1959 to May 1960.

General Olmstead was assigned to Camp Butler, Okinawa, as Assistant S-4 Officer. He returned to the United States in July 1961, and served as an instructor at the U.S. Army Intelligence School, Fort Hobe, MD. He was promoted to major in September 1961.

Transferred to the 2d Marine Division, Camp Lejeune in July 1964, he served as S-3 Officer, and S-2 Officer, Sixth Marines. During this tour he also served as Operations Officer of the 6th Marine Amphibious Unit and Regimental Landing Team-6 in the Dominican Republic. In May 1966, he was ordered to the Republic of Vietnam and served as the command briefer at the U.S. Military Assistance Command. He was promoted to lieutenant colonel in October 1966.

General Olmstead was assigned as an operations officer on the Joint Strategic Target Planning Staff, Offut Air Force Base, NE, in May 1967. He then attended the Naval War College, Newport, RI, graduating as a "Distinguished Graduate" in June 1970. Upon completing the course, he reported to Headquarters, Marine Corps, Washington, D.C. as a branch head in the G-3 Division. He was promoted to colonel in September 1971.

In July 1973 he was ordered to Okinawa, and served as Regimental Commander, Ninth Marines, 3d Marine Division. He remained in that billet until May 1974, when he was transferred to the staff of the Commander, 6th Fleet, in Genoa, Italy, as the Fleet Marine Officer. He was advanced to brigadier general on April 1, 1976 and assigned duty as Director, Development Center, Marine Corps Development and Education Command, Quantico, VA on June 15, 1976. During the period Jan. 1, 1977 to May 8, 1977, he was assigned additional duty of Deputy Chief of Staff, Research, Development and Studies, Headquarters Marine Corps.

General Olmstead was advanced to major general on May 23, 1978 and was assigned duty as Commanding General, Marine Corps Base, Camp Pendleton, CA on June 30, 1978. He assumed duty as the Commanding General, III Marine Amphibious Force/Commanding General, 3d Marine Division, FMF, Pacific, Okinawa, Japan in July 1980. On June 29, 1982 he was assigned duty as the Deputy Chief of Staff for Reserve Affairs, Headquarters Marine Corps. He served in this capacity until July 1984 when he became Commanding General, Marine Corps Recruit Depot/Commanding General, Eastern Recruiting Region, Parris Island, South Carolina. He retired from active duty on 30 June 1986 and assumed his current position in August 1986. He was recalled to active duty on December 1, 1986 in the grade of Major General. General Olmstead was promoted to Lieutenant General on March 25, 1987. In June 1987 he served as a U.S. delegate to the United Nations Conference on Drug Abuse and Illicit Trafficking.

General Olmstead's decorations and medals include: the Distinguished Service Medal; the Legion of Merit; the Bronze Star Medal; Joint Service Commendation Medal; Navy Commendation Medal; the Army Commendation Medal; the Presidential Unit Citation; Navy Unit Commendation; and the Republic of Korea Cheonsu Medal.

Lieutenant General Olmstead and his wife, the former Vera L. Head of Bucyrus, Ohio have three children, Barbara J. (Mrs. Theodore R. Schneble), Elizabeth A. (Mrs. Michael L. Love), and Stephen G. (a Marine officer).

Good Morning, Mr. Chairman and members of the Committee. It is a pleasure to be here today working with this committee to rid this Nation of the problem of drug abuse. Recognizing the overriding importance of demand reduction as the ultimate solution to drug abuse, our topic today is interdiction. Specifically, the 100th Congress passed Public Law 100-456 which assigns to DoD the lead agency responsibility for detection and monitoring of aerial and maritime drug smuggling threats to the United States. It also directs us to integrate U.S. command, control, communications and technical intelligence (C3I) assets dedicated to drug interdiction into an effective communications network and to oversee a program of enhanced use of the National Guard, under the direction of state governors, in the battle against drug smuggling. I will address each of these three new areas of responsibility, comment more specifically on our support to the Drug Enforcement Administration (DEA) and then I will be pleased to respond to your questions.

By memorandum of January 6, the Secretary of Defense issued new DoD policy guidelines to accomplish the added responsibilities assigned to DoD in Public Law 100-456. The Assistant Secretary of Defense for Force Management and Personnel was given the task of providing overall DoD direction and fiscal oversight for implementa-

tion of these new responsibilities. Under that Assistant Secretary, he also established a new directorate within the Office of the Deputy Assistant Secretary for Drug Policy and Enforcement to manage the additional functions. This directorate will ensure close, continuous interaction between DoD and the law enforcement community.

In considering our detection and monitoring mission, the decision was made to attack the problem by pursuing a regional approach, through the Commanders-in-Chief (CINCs) responsible for actions in the region. This was done because of the differences in the drug smuggling threat in different regions. This decision, along with a request for broad plans known as courses of action, describing how they would implement the mission, was transmitted to the four affected CINCs in early December 1988. The CINCs were asked to respond with their proposed courses of action by December 20, 1988.

Late last year, the Office of the Secretary of Defense (OSD) and the Joint Chiefs reviewed those broad plans and, in early January, the Secretary of Defense approved in concept the CINCs' plans. He also directed the CINCs to conduct detailed planning with respect to their proposed courses of action and to submit operations orders containing specific planning details by January 20. After a thorough

review, the Secretary of Defense approved them in a message sent to all relevant commands on February 3.

The CINCs of two of the four commands responsible for the detection and monitoring mission have chosen to form joint task forces to conduct antidrug surveillance operations in their respective areas of responsibility-- the Pacific and Atlantic. Both of these CINCs have selected highly qualified U.S. Coast Guard flag officers to head their respective task forces on a full-time basis. Other major commands involved in this mission are the North American Aerospace Defense Command and the United States Southern Command. The supported CINCs have plans to develop fully integrated staffs, including representatives of appropriate law enforcement agencies.

The joint task forces will focus on the detection and monitoring efforts of the military and all relevant drug law enforcement agencies as directed by the legislation. They will coordinate the employment of the detection and monitoring assets of both DoD and the law enforcement agencies to maximize the effectiveness of these assets and to avoid duplication of effort. Their efforts will be aimed toward collecting and managing information on smuggling targets

and providing that information in a usable manner, to law enforcement interdiction forces.

Now let me turn to our work in the C3I area. Beginning in April 1987, DoD assumed the chairmanship of the Interagency Working Group for Drug Enforcement Communications which developed a Master Plan for Drug Enforcement Communications, governmentwide. This Master Plan was approved by the National Drug Policy Board which tasked its Science and Technology Committee to develop an implementation plan. This Master Plan will be used as the basis for accomplishing the communications integration of the various agencies' C3I assets dedicated to drug interdiction. We will do so by updating, modifying, connecting, protecting and securing relevant communications systems. Our efforts will focus on the interdiction and supporting intelligence functional areas of the Master Plan and will, of course, be supported by maximum interagency cooperation among the primary user agencies. The congressionally mandated communications integration report, due on May 1 of this year, will reflect this close interagency cooperation. It will include an implementation strategy articulating roles and responsibilities, an acquisition strategy that capitalizes on economies of scale, and a funding

strategy to identify the communications infrastructure necessary to support the interdiction and related intelligence functions.

Now, let me turn to the role of the National Guard. Last October, the Congress provided DoD with the authority to enhance the role of the National Guard, employed under the direction of the state governors, in the drug interdiction support area. A minimum of \$40 million was appropriated to the Department of Defense to allocate to the states to carry out this legislated function. The legislation clearly stipulated that this activity would be over and above the current levels of federal, annual training requirements.

Eligibility for DoD funding depends on approval by the Secretary of Defense, in consultation with the Attorney General, of the state's plan for the use of the funds. Accordingly, on October 14, 1988, the Chief of the National Guard Bureau asked each state Adjutant General, on behalf of the state's governor, to submit to him a state plan. Each plan was to include all projected support for drug enforcement, along with total numbers of missions for both Army and Air National Guard, mission descriptions, a designation of whether the mission would be an interdiction or eradication mission, and cost estimates.



States intending not to participate in this program were requested to provide written notification to the National Guard Bureau (NGB).

To date, we have received responses from all states, territories, possessions, and the District of Columbia. Fifty-one plans have been received by NGB and two states and Guam do not plan to use the appropriations. The plans of twelve border and port states were the first to be reviewed and approved by the NGB as they represent the highest priority interdiction areas. After review by the Army, the Air Force, Joint Staff, and OSD, plus a review by the Attorney General, they were approved by the Secretary of Defense on March 30. The National Guard Bureau has since approved and forwarded the remaining plans. Those plans are in the final steps of the review process. Activities described in the states' plans include the following: (1) detection and monitoring through flight crew surveillance; (2) aerial photography and other imagery; (3) radar surveillance; (4) long range reconnaissance; (5) container search; (6) transportation of law enforcement personnel, equipment and contraband substances; and (7) increased equipment loans.

With regard to DEA, three types of general support are provided by DoD: training support, staff support services and material loan.

More than 250 DEA agents received specialized training from DoD in FY 1988. Jungle familiarization and enhanced small unit operation courses were conducted by Army Special Forces personnel at Fort Sherman, Panama. The Navy conducted riverine training courses--two ten-day sessions in 1988. The Defense Language Institute (DLI) provides Spanish language training to DEA agents, both at its facility in Monterey, California, and under contract arrangements here in the Washington, D.C. area. The Marine Corps, at Camp LeJeune, North Carolina, trained DEA agents in reconnaissance and related small unit skills.

With regard to staff assistance, we have had an Army Colonel assigned to DEA since June of 1987. He has supported DEA's planning and conduct of source country cocaine interdiction efforts and has also served as DoD liaison officer. The Marine Corps has two officers assigned to DEA, a Lieutenant Colonel and a Major. Their role is to assist in operations and intelligence planning. Since June 1988, the Army-Air Force Center for Low Intensity Conflict has provided a number of professional, advisory services to DEA. These have included software programs for personnel and logistics management, training development and operations plan development.

In the area of material assistance, DEA has used DoD logistics and supply systems for the timely purchase of individual and team equipment, radios and selected ammunition items. This support has been more timely and less expensive than commercial options. Twelve of the 26 UH-1H helicopters provided by DoD to the State Department are being employed by Bolivian and Peruvian narcotics police in conjunction with their DEA counterparts in conducting operations against cocaine production facilities.

In summary, DoD and DEA have, over the years, developed those systems needed for close, useful support and assistance. Our commitment to continue that support is typified by the inscription on a plaque given by the Army to the latest group of 17 DEA agents graduating from the Ranger School at Fort Benning, Georgia. It reads, "With the greatest respect for you and the mission you have. We hope we have helped you lead the way."

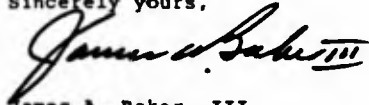
Thank you Mr. Chairman

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Finally, I want to assure you that narcotics will remain a key element of our foreign policy agenda. The President and I intend to raise this issue with foreign leaders and express our personal interest in their efforts to reduce the supply of illicit drugs bound for the U.S.

We look forward to working with the Congress to establish a sound drug control strategy to remove the scourge of drugs from our nation.

Sincerely yours,



James A. Baker, III

The Honorable  
Claiborne Pell,  
Chairman,  
Committee on Foreign Relations,  
United States Senate.

## STATEMENT OF EXPLANATION

## THE BAHAMAS

The islands of The Bahamas lie critically astride the principal narcotics trafficking route between South America and the United States. In dealing with this problem, we long have enjoyed a very cooperative relationship with the Government of the Commonwealth of the Bahamas. In particular the joint U.S.-Bahamian OPBAT is a premier example of a combined law enforcement operation.

Nonetheless, the reality is that too much cocaine still passes through the Bahamas. And, while the Government of the Commonwealth of the Bahamas is more active in investigating allegations of corruption, we are concerned by reports that corruption still exists. Prime Minister Pindling and his ministers must forcefully address this issue.

We also believe the noteworthy Bahamian cooperation in joint anti-narcotics efforts should be accompanied by stronger unilateral efforts to curb drug trafficking and consumption within the Bahamas.

## STATEMENT OF EXPLANATION

## BOLIVIA

Bolivia has made a remarkable transition during this decade from a trafficker-influenced military regime to a democratic government with a coca eradication program.

Our certification decision is based on the fact that the 1988 record is the best annual performance to date. Bolivia passed and implemented a strong anti-narcotics law during 1988. Leading trafficker Roberto Suarez was arrested and remains in prison. Bolivia exceeded the 1,800 hectare eradication target spelled out in our bilateral narcotics agreement signed in 1987 and began forcible eradication. Interdiction efforts were improved leading to a sharp increase in the number of drug seizures. In addition, the riverine interdiction program, problematic throughout the year, appears back on track with the Government of Bolivia's appointment of a new, highly professional navy commander in December. However, despite these efforts, total coca cultivation continued to increase and high prices for coca leaf are hurting the voluntary eradication program.

In sum, we think Bolivia made a good effort in 1988, but increased production is particularly worrisome and more must be done to deter the spread of coca cultivation.

## STATEMENT OF EXPLANATION

## COLOMBIA

Few countries, if any, have contributed more of their national resources or lost so many lives in the effort to curb narcotics trafficking. We continue to stand in admiration of Colombia's determination. Yet, we are sensitive as well to how much more needs to be done, directly and bilaterally.

A much-needed infusion of government military capability had handsome results in 1988: over 23 tons of cocaine seized, more than 800 labs destroyed including 29 major complexes, and more than 600,000 gallons of precursor chemicals seized. In January and February of this year Colombia continued to take the initiative in a series of raids on major cocaine-producing facilities that yielded the largest seizure ever of precursor chemicals. The strong actions against cocaine refining were particularly welcome as a test of Colombia's continuing courage to resist the violence of well-armed trafficking and insurgent groups. The aerial spray program has succeeded in eliminating about 90 percent of traditional cannabis cultivation; however, new growth in other regions pushed Colombia back into position as the number one exporter of marijuana to the U.S. Strategies are being revised to meet this challenge, and the U.S. has confidence in the cannabis spraying program. But, there is an urgent need for a chemical eradication campaign against coca, and manual eradication is lagging in the face of expanded production.

Moreover, the judiciary remains intimidated by the traffickers, and there is little prospect of arrests of major traffickers, much less additional extraditions to the United States. Corruption remains an impeding factor.

In the long run, the best justice is Colombian prosecution of Colombian criminals in Colombian courts, with stiff sentences to be served in Colombian jails. We want to assist Colombia in that regard, while still hoping that certain major traffickers will be apprehended for prosecution here.

As much as has been done, Colombia must do more, not just to eradicate crops, but to overcome corruption and intimidation. Colombia fights a two-front war against the traffickers and insurgents, too often in league with one another. We will continue to assist in meeting that challenge.

## STATEMENT OF EXPLANATION

## MEXICO

A strong positive tone for bilateral relations was set in my early meeting with President Salinas. I share the desire of President Salinas for a period of calm, cooperative actions against narcotics that builds upon this dialogue, and I am encouraged by the new President's strong public stance against drugs. Mexico is a narcotics source country in which cooperative efforts must succeed.

However, there are problems with the program. While Mexico increased the number of hectares eradicated in both its opium and marijuana spraying programs, opium and heroin availability did not diminish, and the estimates which show a slight decline in marijuana production are considered soft. Thus, while improving its spray program and increasing cocaine seizures sharply, Mexico remains the number one single-country source for heroin and number two source for marijuana. Corruption remains a serious impediment to program effectiveness, and many major traffickers remain at large.

Nonetheless, President Salinas created an enlarged and restructured Deputy Attorney General's office devoted solely to fighting drugs. Despite profound domestic economic problems and sharp cuts in government spending for most other programs, the budget for drug eradication climbed from \$19.5 million in 1987 to \$23.1 million in 1988. In addition, the Mexican military continues its anti-drug efforts with 25 percent of all Mexican Army troops regularly engaged in manual eradication. Mexican authorities arrested over 12,000 persons on drug-related charges in 1988, including several major traffickers. Of significance is the conviction of major drug kingpins Rafael Caro Quintero and Ernesto Fonseca Carrillo on trafficking charges by a Mexican court in September. Caro Quintero received a 34-year sentence and Fonseca Carrillo, 11 years.

Much was accomplished in 1988, but, working together, much more can be done. We must cooperate on reducing availability and on effecting greater seizures of contraband and assets as well as drugs.



## STATEMENT OF EXPLANATION

## PARAGUAY

Following last year's decision to provide Paraguay with a limited "national interest" certification, a stronger commitment was made in 1988 by the Government of Paraguay, which allowed for real gains in anti-drug efforts. A DEA office was reestablished in Asuncion. DEA agents received cooperation from the Paraguayan narcotics police which resulted in several significant seizures and arrests. For example, Paraguayan narcotics police, working closely with DEA, seized 268 kilos of cocaine and arrested five persons, the largest cocaine seizure in Paraguayan history and a significant intelligence breakthrough on patterns of trafficking through Paraguay. Paraguay also signed two agreements with the U.S. pledging counternarcotics cooperation. On the domestic front, President Stroessner signed a tough new Paraguayan anti-drug statute which dramatically increased penalties for trafficking and authorized asset seizures.

Nonetheless, Paraguay remains a significant drug transit point and money laundering center. Moreover, we do not yet know what type of control actions will be taken by the new government of President Andres Rodriguez. As part of our overall strategy this year, we will urge the new Paraguayan government to build upon the successes of last year while working to curb money laundering and official corruption.

## STATEMENT OF EXPLANATION

## PERU

Economic woes in Peru are compounded by the continued onslaught of drug traffickers and a growing insurgency. Nonetheless, Peru can point to some real progress in anti-drug programs. Most notably, the manual eradication effort in 1988 was an extraordinary improvement over the previous year. Over 5,000 hectares of coca were eradicated, compared to 355 hectares in 1987. For the first time in a number of years the increase in coca cultivation was marginal.

Despite these gains, there is need for an even stronger crop control effort in 1989, including the completion of aerial tests. Enforcement operations in the Upper Huallaga Valley, which have had limited effect on trafficking, must be improved. Corruption must be pursued more aggressively. Finally, there is a need for a strong commitment from the Peruvian military against the combined, violent forces of traffickers and insurgents.

## JUSTIFICATION FOR NATIONAL INTEREST CERTIFICATION

## LEBANON

An irony of the narcotics certification process is that the lack of cooperation in Lebanon is a direct function of the occupation of its central narcotics production region by the armed forces of another government.

There is no cooperation with Lebanese authorities on narcotics control, much less with the Syrian military units which actually control cultivation, refining and trafficking in the Bekaa Valley. As in previous years, the recommendation for national interest certification takes into account the U.S. desire to be flexible in our ability to respond to Lebanon's needs for economic and development assistance, as well as refugee assistance.

## APPENDIX 3.—INTERNATIONAL NARCOTICS CONTROL STRATEGY REPORT, MARCH 1989

### THE INTERNATIONAL NARCOTICS CONTROL STRATEGY REPORT

# Executive Summary

March 1, 1989

The Department of State's International Narcotics Control Strategy Report (INCSR) has been prepared in accordance with the provisions of Section 481 of the Foreign Assistance Act of 1961, as amended (22 U.S.C. 2291).

The 1989 INCSR is the third annual report prepared pursuant to Section 2006 of P.L. 99-570, the Anti-Drug Abuse Act of 1986. This legislation requires that certain kinds of assistance be withheld at the start of each fiscal year from major illicit drug producing and major drug transit countries, pending certification by the President the following March 1. The law requires the President to certify every major illicit drug producing country or major drug-transit country that cooperated fully with the United States in the previous year, or took adequate steps on its own, with respect to illicit drug production, trafficking and money laundering. Alternatively, the President may certify countries that would not qualify under these terms on grounds that the national interests of the United States require the contingency provision of foreign aid to such countries. Or, the President may deny certification, causing statutory sanctions to be imposed.

This year's INCSR, provides the factual basis for the President's 1989 certifications under the revised law, as well as other information required by the Congress in Public Laws 99-570 and 100-690, the Anti-Drug Abuse Acts of 1986 and 1988.

#### Statement on Certification

Section 481(h)(2)(A) requires that the President certify whether major drug producing and drug transit countries have "cooperated fully" with the United States, or taken adequate steps on their own, with regard to

preventing drug production, drug trafficking, and drug-related money laundering.

The statute provides, alternatively, that the President may certify, on grounds of vital national interest, countries which would not otherwise qualify for certification on grounds of such narcotics cooperation.

In weighing recommendations on certification to the President, the Department has looked to the law, before and after amendment by the 1986 and 1988 Acts, for guidance in determining the bounds for "cooperated fully." Particular adherence was given to the requirements of the so-called Chile amendments which require bilateral or multilateral cooperation agreements as an absolute condition of certification.

The requirement in Sec. 481(h)(3) is that the President, in making certifications of cooperation, shall give foremost consideration to whether the actions of the government have resulted in the maximum reductions in illicit drug production which were determined to be achievable.

The President must also consider whether the government has taken the legal and law enforcement measures to (A) enforce, to the maximum extent possible, the elimination of illicit cultivation and the suppression of illicit manufacture and trafficking -- as evidenced by seizures, and arrest and prosecution of violators, and (B) eliminate to the maximum extent possible the laundering in that country of drug-related profits or drug-related monies -- as evidenced by enactment of money laundering laws, willingness to enter into MLATs, and other cooperation on money laundering.

In considering country performances in

1988, the President is also directed by statute to consider programs and actions planned for 1989 and beyond. This two-year appraisal is especially important when remedial actions are necessary.

Use of terms such as "maximum achievable" introduce a concept of variability. Moreover, there is precedence for determining that full cooperation can be a variable term. The precedence lies in the earlier amendments to Section 481, which since 1971 has made reference to "adequate" cooperation. Section 481(f) requires consultation with the Congress on country determinations and specifies that such consultation shall *inter alia* include consideration of (1) the nature of the illicit drug production problem, and (2) the climatic, geographic, political, economic and social factors that affect illicit drug production. Thus, 481(f) introduced in 1983 the concept of "cooperation" and "maximum achievable reductions" being variable, a function of numerous factors including relative capability to achieve narcotics objectives.

In determining the recommendations to the President under P.L. 99-570, the Department of State has, therefore, considered each country's relative capability to achieve maximum reductions in production, as a foremost priority, and also to develop and enact the legal and law enforcement measures which this statute contemplates. This relative capability was viewed as functions of their differing political, economic, social, geographic, climatic and resource situations. In this context, full cooperation in crop control and other enforcement can have quite different outcomes.

There are, then, many shadings to the recommendations on certifications. Some countries found that their programs could not keep pace with traffickers' efforts to expand cultivation, but adopted new programs or strategies, with new resources, to increase their potential reductions. Other countries, including several with well-established programs, could and should have done more in one or the other criterion category. A number of countries must do more to curb narcotics related corruption before it countermands their control efforts. Virtually every country can and must do more to arrest and prosecute major traffickers and destabilize networks. Extradition is a significant international tool to counter the trafficking networks.

For the second year, the Department of State has asked Congress for further guidance on what constitutes a "major" drug trafficking country or "major" money laundering country. Production-related identification is quantitative, using the numerical standards of the statute, but there are no similar numerical bases in law for the other two categories. What weight should be given, for example, to whether a country is a direct or indirect transit source, or to whether the bulk of the contraband is intended for markets other than the United States? This issue was considered at length by State, in consultation with the law enforcement community, and agreement could not be reached, within the time limits set by P.L. 100-690, on a definition that employed uniformly reliable criteria.

#### Ramifications of Certification

The statute makes it clear that there is a definite relationship between provision of foreign assistance and positive performance on narcotics control. The law requires that half of certain kinds of economic and military assistance be withheld, at the start of each fiscal year, pending certification by the President. If the President fails to certify a major producing or drug transit country, or if Congress disapproves the certification, the law mandates the suspension of the other half of economic and military assistance, as well as most other kinds of assistance. Moreover, the United States would oppose new or extended loans to such countries by the multilateral development banks, and, at Presidential discretion, could impose a variety of trade sanctions.

The Department has submitted to the President a Presidential Decision Memorandum which contains certifications (or refusals to certify) for major drug producing and drug trafficking countries. The President's certifications are subject to Congressional disapproval, by vote of both houses, within 45 legislative days.

This report has been prepared by the Department's Bureau of International Narcotics Matters (INM), in consultation with other bureaus in the Department, U.S. Embassy, the Drug Enforcement Administration, the Federal Bureau of Investigation, and the Central Intelligence Agency, as well as other offices and agencies of the U.S. Government. As required by law, the Department of State and the Departments of Justice, Defense, Treasury, and Health and Human Services, as well as the

Agency for International Development, have made comments and recommendations on this report and are prepared to meet with members of the Committee on Foreign Relations and the Committee on Foreign Affairs to review worldwide illicit drug production and the policy, programs and role of the United States Government in preventing the entry of illicit narcotic and psychotropic drugs and other controlled substances into this country. In accordance with the Senate amendment to the Department's 1988 authorization, this report contains specific comments and recommendations by the Drug Enforcement Administra-

tion, U.S. Customs Service and other enforcement agencies. In accord with P.L. 100-690, the report also contains data on U.S. assistance to international narcotics control, including special reports on assistance given and received by DEA, Customs, and Coast Guard.

INM's FY 1990 Congressional Budget Presentation, which provides detail on regional and country strategies, budgets and programs, has been transmitted separately to the Congress.

## Policy And Program Developments in 1988

During 1988, several critical milestones in narcotics control were met. In just four months, Peru eradicated over 5,130 hectares of coca, possibly offsetting for the first time any expansion of Peru's coca crop which has been increasing by an estimated ten percent a year. Bolivia exceeded its coca eradication targets ahead of schedule and passed landmark legislation which outlaws coca cultivation in most of that country. The Government of Colombia seized 23 metric tons of cocaine. In marijuana eradication, Jamaica and Belize continued to make real progress toward eliminating its crop. And Thailand's opium eradication program further reduced supplies.

Individual country gains were complemented by progress in the area of international cooperation during 1988, culminating with the finalization of the important United Nations Convention Against Illicit Trafficking in Narcotics. Multinational cooperation was manifested not only in diplomatic efforts but also in law enforcement operations; thirty nations cooperated in an unprecedented month-long cocaine control operation, launched under the auspices of the Latin American International Drug Enforcement Conference (IDEC) this summer. 1988 also saw high level anti-drug discussions within the Economic Summit of Industrialized Nations context, as well as the signing of a U.S.-U.S.S.R. anti-narcotics agreement which could lead to greater cooperation in limiting drug trafficking.

If the past year's progress can be summarized, we have seen a new willingness on the part of nations to work together, even if it means taking modest actions against the global drug trade. It is as if nations recognize that they cannot confront the problem alone, for one nation's progress has generally signified a shift in production and traffic to more vulnerable, less vigilant nations.

U.S. Government narcotics control policy makers were confronted once again in 1988 by world events that can and do have a devastating impact on efforts to reduce the global supply of drugs. Burma's civil unrest, the current instability in Afghanistan, the death of Pakistan's President Zia and Peru's declining economy have all signalled possible setbacks in narcotics control. Political and economic instability in drug-producing areas around the world have resulted in the subordination of our

drug control agenda to other pressing concerns. However frustrating this lesson has been during 1988, it not only drives home the point that narcotics production and trafficking often go hand in hand with enormous social and political problems but underscores the urgency with which governments must address their narcotics problem if stability is to be realized.

1988 did present some opportunities for progress: the election of new governments in Mexico and Pakistan, evidence of greater international willingness to assist nations facing problems with drug production and trafficking, and the growing awareness among developing nations now faced with drug abuse epidemics that inaction can no longer be tolerated.

1988, however, was not without disappointments; the continuing expansion of the Andes coca crop, particularly in Bolivia, and the slow progress of Andean governments in agreeing upon a course of action which includes wide scale herbicidal eradication complicate coca control efforts. Central to a viable cocaine control strategy is destruction of a good percentage of South America's coca crop, a strategy which has not, and cannot be realized through manual eradication. In 1988, farmers in Peru, Bolivia, Colombia and Ecuador cultivated 193,136 hectares of coca; manual eradication destroyed 6,896 hectares or nearly 4 percent of the Andes' coca acreage.

Expansion of the world's opium crop, particularly in inaccessible areas in Burma, Laos, Iran and Afghanistan threatens to increase U.S. heroin supplies. There is concern among some domestic drug abuse experts that in the near future heroin popularity will rise partly as a result of the highly publicized negative consequences of crack and of increased production both in Southeast and Southwest Asia. Increases in heroin imports need to be closely monitored, particularly in light of the high priority that has been placed on cocaine control over the past few years.

On the positive side, marijuana production continues to decline in traditional growing areas in Colombia, Jamaica and Belize. Indeed, marijuana eradication efforts have been successful due mostly to the fact that repeated aerial spray campaigns have resulted in signif-

icant crop reductions and farmers' unwillingness to replant. Ironically, reduction in international marijuana supplies puts the U.S. in the indefensible position of being a major supplier to the domestic and international market.

During 1988, the issue of drug-related corruption continued to command attention with the indictment of Panama's General Manuel Noriega; the late Colonel Jean-Claude Paul of Haiti was indicted in a Miami court for drug trafficking. In the State Department Report on Official Corruption (also known as the "2013 Report") the extensive involvement of Lao Peoples' Democratic Republic (LPDR) military and civilian government officials in the narcotics trade suggests that such activity is a matter of de facto government policy.

As reported last year, the U.S. Government's International Narcotics Control Strategy consists of six goals to be carried out by U.S. Government agencies in conjunction with foreign governments. This interagency-approved strategy was prepared for and adopted by the National Drug Policy Board in 1987.

In brief, its goals are to:

(1-3) Reduce the amount of cocaine, heroin and marijuana exported to the United States through an integrated program of narcotics control.

(4) Eliminate major trafficking networks and cartels through increased seizures and arrests, prosecutions and forfeiture of funds;

(5) Decrease tolerance for illicit drugs and stimulate support for effective narcotics control worldwide through public diplomacy efforts; and

(6) Increase international cooperation in worldwide narcotics control matters through diplomatic and program initiatives.

The following is a goal-by-goal assessment of progress and obstacles we faced in carrying out the international strategy in 1988.

#### **Goal One: Cocaine**

The U.S. Government has dedicated over 60 percent of the INM overseas narcotics control budget to cocaine control in an effort to reduce cocaine imports by 50 percent by 1993. This year's brightest news comes from Peru, where against tremendous odds, four months of concentrated manual eradication resulted in the destruction of upwards of 5,130 hectares,

eliminating a potential 10 metric tons of cocaine from the international market, and possibly stabilizing for the first time coca expansion in Peru. However, the expansion of the Andean coca crop in Bolivia and Colombia and modest gains in eradication make 1988 a year of mixed results in narcotics control. Despite some encouraging efforts on the part of the Bolivian Government, coca cultivation in that country expanded during this past year, from an estimate of 39,300 hectares in 1987 to 48,500 hectares after eradication; this represents an increase in hectareage of more than 20 percent in one year. Coca cultivation also increased slightly in Colombia from 26,000 hectares to approximately 27,230 hectares.

The success of our cocaine control strategy overseas depends on several U.S. Government agencies working together. The strategy incorporates eradication, enforcement, training, public diplomacy and development assistance; all elements are critical. The INM Airwing, mandated by Congress through the 1986 Anti-Drug Abuse Control Act, is fully operational in Latin America supporting coca, opium, and marijuana control operations. During FY 89, the airwing inventory will have 54 aircraft, including a mix of helicopters, utility aircraft, fixed wing spray planes and three C-123 transports. In conjunction with host country officials, INM and DEA utilize the aircraft for aerial eradication of drug crops, transporting eradication workers and U.S. and host country law enforcement personnel, training foreign pilots in spray techniques and transporting equipment. As required under the law, the Department of State maintains title to these aircraft; they may not be turned over to host countries, although a number of host country pilots participate jointly with U.S. pilots in Air Wing operations.

During 1988, a major government contract was awarded for the maintenance and operation of the growing airwing resources. The contract provides for the operation and maintenance of INM Airwing fixed and rotary wing aircraft. At present the Airwing includes 26 UH1H Helicopters, provided by the Department of Defense, 7 Bell 212 helicopters, 2 light helicopters, 13 Turbo Thrush spray aircraft, 3 C-123 transport, 2 Cessna Carevan utility aircraft and a training aircraft.

The Drug Enforcement Administration works with law enforcement officials in South and Central America in an advisory capacity; "Operation Snowcap", a multi-country, multi-

faceted cocaine control operation is central to our cocaine strategy. Snowcap addresses several aspects of the cocaine processing and trafficking cycle including chemical control, lab and airstrip destruction. Most Snowcap activity is currently taking place in Bolivia and Peru. Since its inception in 1987, this cooperative operation has resulted in the destruction of 194 cocaine HCL labs, 15,500 arrests and the seizure of over 43,000 kilograms of cocaine.

Other U.S. Government agencies have also taken an active role in training and advising Andean law enforcement organizations in support of cocaine control operations. The Border Patrol has trained UMOPAR units in Bolivia; the Department of Defense has trained law enforcement personnel in Bolivia, Ecuador and Colombia, and has provided operational support to drug enforcement agency personnel engaged in cocaine control programs.

While there are indications that certain segments of the U.S. market for cocaine may have stabilized, our major cities are faced with a crack epidemic which has bred violence, murder and despair. Latin American cities are also facing unprecedented levels of drug addiction with the introduction of basuco, a highly addictive by-product of cocaine which has characteristics similar to crack.

U.S. seizures of cocaine were up during 1988; federal law enforcement agencies report that in the first ten months of 1988, about 76,000 kilograms of cocaine were seized. This represents an increase of 13.5 metric tons in seizures for the entire previous year.

#### Prospects for Success

Latin American governments have been unable to significantly reduce the Andean coca crop or to eliminate cocaine trafficking. The enormous profits generated by the cocaine trade have enabled the traffickers to intimidate representatives of government institutions and to purchase arms and influence. Terrorist threats in Peru and Colombia have further complicated government action against coca production and trafficking. Some evidence exists to indicate that Shining Path guerrillas in Peru actively attempt to sabotage coca eradication efforts in the Upper Huallaga Valley. There is a proven relationship between narcotics traffickers and the FARC guerrilla movement in Colombia.

Violence, drug-related corruption and intimidation impede Andean governments' ef-

forts to mount effective anti-narcotics campaigns. Only one major cocaine trafficker, Bolivia's Roberto Suarez, was arrested in 1988, and the continuing campaign of violence and intimidation by Colombian traffickers has virtually paralyzed that nation's efforts to bring traffickers to justice. It was encouraging, however, that Carlos Lehder, one of the leading Colombian cocaine traffickers, handed over to the United States in 1987, was convicted and sentenced to life imprisonment in the U.S. Cooperation between the United States and the Government of Honduras also led to the capture of drug fugitive Ramon Matta Ballesteros, whose arrest prompted widespread anti-U.S. demonstrations. Matta is currently serving time for escaping from prison and is awaiting trial in a U.S. court on drug-related charges.

Peru, Bolivia and Colombia each made some gains against cocaine during 1988. Bolivia adopted a sweeping anti-narcotics legislation and exceeded its coca eradication targets; Peru destroyed 5,130 hectares of coca and Colombia intensified its military's actions against cocaine laboratories. But for all this country-by-country progress, no real progress was made in a regional approach to cocaine control. When we look at the cocaine "big picture", it still remains discouraging and suggests that the current direction of Latin American cocaine control efforts may need to be re-assessed.

#### Peru

There is some indication that eradication efforts begun only in September of 1988, may have stabilized coca production in Peru, which has increased by an estimated 10 percent per year in past years. Despite high levels of violence directed against eradication workers, the Government of Peru successfully cut down 5,130 hectares of coca in the Upper Huallaga Valley by manual means. In addition, 184,000 square meters of coca seed beds were destroyed. In 1987, only 355 hectares of coca and 8,000 square meters of seed beds were eradicated. Fifteen times as many hectares of coca and 23 times as many seed beds were destroyed in 1988 than in 1987.

In Peru's Upper Huallaga Valley, CORAH workers used gasoline-powered mechanical cutters to reduce drastically the amount of time needed to eradicate a hectare of coca. There were several incidents during 1988 in which eradication workers and helicopters



were fired upon while cutting down coca plants. The Government of Peru is committed to continuing its herbicide testing program which could lead to a wide scale aerial spray campaign, minimizing the dangers to workers in the field.

Complementing gains in eradication Peru's law enforcement agencies, working with U.S. counterparts, made some enforcement progress. Seventy eight labs, with a potential for processing over 54 tons of cocaine per year were destroyed in 1988; 150 maceration pits were also permanently shut down and nine metric tons of coca paste were seized. The capabilities of the Guardia Civil have improved in the area of anti-narcotics operations.

### **Bolivia**

While the Government of Bolivia reached its 1,800 hectare coca eradication reduction goal two months ahead of schedule and began the involuntary eradication phase of its coca control program, such gains were offset by the fact that coca cultivation in Bolivia expanded by more than 20 percent during 1988.

Coca eradication is taking place in all three cultivation areas of Bolivia and 1988 eradication totals increased by 42 percent over the previous year. Since September, 1987, over 2,500 hectares of coca were destroyed; compare this to the total of 200 hectares of coca eliminated in 1986 and it is apparent that Bolivia has begun to make progress.

In July, the Bolivian Government adopted a long-awaited narcotics control law which for the first time makes coca cultivation illegal in many parts of Bolivia. It addresses many aspects of the cocaine trade including cultivation, trafficking and corruption. The law limits the amount of coca that can be cultivated legally (12,000 hectares) and states that legal coca can only be grown in portions of the La Paz Department and a small section of Cochabamba. The Chapare region is designated as a transitional coca cultivation area, and coca cultivation becomes illegal in remaining areas of the country. New cultivation is deemed illegal in all areas. However, it is troubling that herbicidal eradication is prohibited. Other important provisions in the law include the formation of a national drug council which reports to the President. Implementing regulations were signed into effect in late December.

Bolivian interdiction operations resulted in significant increases in lab destruction and

seizures over last year's totals. U.S. - supplied aircraft are being fully utilized by the Bolivian enforcement agencies in their interdiction activities.

### **Colombia**

The Colombian National Police made impressive gains against large processing laboratories, seizing over 14 metric tons of cocaine HCL and base. Combined Colombian efforts in 1988 resulted in the capture of almost 23 metric tons of cocaine and the destruction of 29 major capacity labs, representing the highest seizure totals since 1984. Colombian interdiction efforts also resulted in the destruction of over 800 labs and 600,000 gallons of precursor chemicals. However, coca eradication in Colombia was limited to 230 hectares out of an estimated total of 27,230 hectares under cultivation.

Major cocaine trafficker, Pablo Escobar, barely escaped a raid on his Antioquia Ranch in March 1988. The suspension of Colombia's extradition treaty with the United States diminishes any immediate hope of bringing major traffickers to justice in the U.S.

### **The Herbicide Issue**

While enforcement operations have resulted in significant seizures, coca eradication in the field holds the most promise for reducing worldwide cocaine supplies. 1988's enforcement operations have not yet resulted in a reduction of cocaine supplies on U.S. streets, the ultimate measure of effectiveness.

The most hotly debated and most misunderstood issue in 1988 drug control efforts was the possible use of herbicides against the Andean coca crop. Debate on the environmental effects of herbicides was often superficial, taking no account of the already devastating environmental consequences of clear cutting for forests and mountain areas, or the damage caused by narcotics refining and processing chemicals.

The Government of Peru has repeatedly stated its commitment to testing safe, effective herbicides for use against coca, and during 1988, completed the first phase of its herbicide testing program, applying six herbicides manually to several plots of coca totalling under three acres. The Government of Peru intends to further test these herbicides by applying them aerially, monitoring their effects on groundwater and vegetation; regular analyses of the manual tests are still ongoing. Eli

Lilly, the manufacturer of one of the promising herbicides, has made a public announcement that they would not sell their widely used herbicide tebuthiuron for use against coca. This announcement was made last May, before testing had been completed and before the a decision was reached on which herbicide to select. Eli Lilly has refused to explain its decision not to make this herbicide available.

Herbicide testing is carried out by the U.S. Government and host countries overseas, using the same strict criteria which are mandated domestically, but not internationally. Herbicides are applied carefully to ensure that unintended destruction of other crops does not occur. Where pellets can be used to minimize the possibility of drift, (as planned in the Peru tests), they are. The U.S. Government works closely with foreign governments to destroy only illegal drug crops.

Critics of herbicide testing for use against coca fail to note several important issues which may help put the Government of Peru's coca eradication program into perspective.

First, in the Upper Huallaga Valley, coca cultivation is illegal. A large percentage of the peasants cultivating that crop are not traditional coca farmers; they have recently occupied the land for the sole purpose of growing coca for the illegal market. Eighty percent of the farmers grow nothing but coca; the remaining 20 percent cultivate some food crops to supplement supplies transported from other regions. The Upper Huallaga Valley has never been a traditional agricultural area, nor will it revert to one after coca is eliminated.

Second, coca farmers and cocaine traffickers have devastated the Valley with irresponsible use of chemicals and with the careless destruction of the forest. Peruvian environmentalists are deeply concerned about the silence of the world environmental community about the continuing destruction of natural resources due to coca cultivation, and see the use of herbicides to destroy that illegal crop as an acceptable trade-off.

Third, the increasing presence of the Sendero Luminoso in coca-producing areas poses a grave threat to the stability of the Lima Government.

Herbicide destruction of the Andean coca crop is not the answer to all coca-related problems. A number of important questions still need answers including development, alternative sources of income for peasants and

the economic future of Andean countries. However, the use of herbicides can provide these governments with an effective tool to eliminate part of the coca crop, encourage farmers to seek legal livelihoods and demonstrate government commitment to narcotics control.

#### The IDEC Initiative

During the summer of 1988, 30 nations, including several European nations, participated in a month-long cocaine enforcement operation under the auspices of the International Drug Enforcement Conference (IDEC). At IDEC's April meeting in Guatemala City, members agreed to participate in a cooperative, coordinated, multi-national law enforcement operation during August to enhance their abilities to seize cocaine and cash, track fugitives and crack down on money laundering. The United States participated in the IDEC operation, committing National Guard units in four states to work side by side with the U.S. Customs Service, inspecting cargo.

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#### Goal Two: Heroin

During 1988, there was no reduction in worldwide supplies of opium and heroin. In every opium-producing nation except Thailand, opium production appears to have remained at 1987 levels or increased. Heroin conversion and trafficking remain serious problems in Southeast and Southwest Asia and Mexico; increased heroin supplies have also alarmed U.S. drug experts who believe that the United States may be poised on the brink of another heroin epidemic. Compounding U.S. Government frustration at increasing worldwide opium supplies is the fact that 90 percent of the world's opium production takes place in areas to which the U.S. has limited or no access, such as Iran, Afghanistan, Lebanon, Laos and Burma. Federal law enforcement officials report that 1988 heroin seizures are up over last year's totals.

#### Southeast Asia

The civil turmoil in Burma has resulted in the suspension of the Socialist Republic of the Union of Burma's (SRUB) annual aerial opium eradication program. Between January and March, 1988, the SRUB reported eliminating over 16,000 hectares of opium. At year's end, it is estimated that Burmese production of opium is up in absolute terms, and there is no immediate prospect that the aerial eradication

campaign will be resumed in time to be effective against the 1989 crop. Indeed, the disturbances will most likely result in unchecked opium production in Burma.

There has also been no reduction in opium production in Laos and there continues to be information that the extensive involvement of LPDR military and civilian government officials in the narcotics trade suggests this is a matter of de facto government policy.

Our continuous dialogue on this subject with the Lao, certification steps and pressures from others in the international community underlie Lao decisions to address the narcotics situation. In the summer of 1988, the Lao Government raided two refineries in Oudomsai Province and later tried 48 traffickers netted in the raid; among those convicted was the governor of the Province, a central committee member. A high-level delegation of U.S. Government officials travelled to Vientiane in early 1989 to discuss a number of issues, including narcotic control. LPDR officials assured the U.S. representatives that they had begun to address their opium problem, as evidenced by their agreement with the United Nations Fund for Drug Abuse Control (UNFDAC) to sponsor a \$5.8 million rural integrated pilot program in an opium growing region in northern Vientiane Province. This project is scheduled to get underway before July. For the first time, Lao officials accepted, in principle, previous offers of bilateral U.S. narcotic control assistance.

Thailand was successful in ensuring that opium production did not increase during 1988. It is possible that no further reductions will be made in coming years in the estimated 28 metric tons of opium produced in Thailand, given the demand for opium among the indigenous Hill Tribe addict population.

Heroin trafficking remains a serious problem in Southeast Asia, particularly in Thailand where an excellent system of roads provides traffickers good access to international markets. There is evidence that heroin is trafficked through Vietnam, notably through the port of Da Nang. During 1988, heroin seizures in Thailand doubled over the previous year's totals, and ten heroin refineries were immobilized.

#### **Southwest Asia**

Opium production and heroin trafficking are deeply entrenched in the Southwest Asian

nations of Iran, Afghanistan and Pakistan. There is no indication that the Southwest Asian opium situation will improve in the foreseeable future. Political turmoil and limited U.S. access in both Iran and Afghanistan will complicate any future opium control efforts, while the unstable Afghan political outlook will undoubtedly contribute further to Southwest Asia's opium and heroin problem. Pakistan's new government has publicly stated its commitment to opium control and has agreed to make use of aerial spraying to reduce the 1989 poppy crop.

There is little reliable information emerging from Afghanistan on the amount of opium poppy cultivated or the amount of heroin trafficked; it is widely believed, however, that both activities increased during 1988. There are no signs that either the Soviets or the Kabul regime have been able to make any progress in curbing production and trafficking. Estimates put the amount of opium production during 1988 at between 700-800 metric tons.

There is also sketchy information out of Iran concerning the amount of opium poppy cultivation taking place; it is believed, however, that Iran does not produce enough opium to supply its estimated one million addicts and must turn to Afghanistan and Pakistan for heroin. Opium production is estimated at between 200-400 metric tons per year, similar to 1987 levels. Heroin trafficking through Iran to Turkey is a trend that concerns U.S. and Turkish Government drug enforcement officials; Turkish enforcement efforts have resulted in the relocation of some Kurdish heroin refining activities from eastern Turkey to Iran. There is some indication that the Government of Iran is troubled by drug trafficking and addiction; enforcement operations and the execution of drug traffickers are two manifestations of Iran's desire to curb drug trafficking.

Last year's estimate of Pakistan's opium crop (reported at between 135 and 160 metric tons) was further revised to a range of 190-220 metric tons based on a new appreciation of yields. Opium cultivation in 1988 did not increase appreciably, but the Government of Pakistan has not been able to bring production down to 1985 lows. The newly elected Bhutto government has stated its commitment to reducing opium cultivation and heroin trafficking, and the President has urged the creation of a new cabinet level drug control entity under her direct auspices. Alarmed by the estimates of one million Pakistani drug addicts, the Gov-

ernment has pledged to redouble its eradication and enforcement efforts and has indicated to the U.S. its willingness to eradicate opium poppy by aerial means during the 1989 season.

In late 1988, the Government of Pakistan signed the Tribal Areas Development Agreement which will result in a major U.S.-sponsored development project in the Bajaur and Mohmand tribal areas. The agreement specifies that an opium ban will be gradually implemented in these remote areas over the next five years, increasing the possibility that opium cultivation can be reduced through concerted government actions. The Government of Pakistan did arrest a major heroin trafficker this year but trafficking organizations have not felt real pressure to cease smuggling.

### Mexico

Mexico expanded the scope of opium and marijuana eradication programs, while taking steps to improve operational efficiency. Cocaine seizures rose sharply. Still, Mexico remained the largest single country source for heroin, the second largest source for marijuana and a leading transit point for cocaine. Newly elected President Carlos Salinas de Gortari has made anti-narcotics programs a national priority for his new government, and the Attorney General's budget for 1989 will exceed \$26 million, up from \$19.5 million in 1987. A strong, positive tone for bilateral relations was set in an early meeting between then President-elect Bush and Mr. Salinas, and the U.S. government, anticipating continued improvements in the program, is prepared to cooperate with Salinas on these enhancements. However, U.S. officials are concerned about the inhibiting effects of corruption throughout the program.

### Other Opium Producers and Heroin Trafficking

During the past few years, opium production has increased in countries such as Guatemala and Lebanon which are not traditional cultivators of opium. Heroin production and trafficking in the Middle East flourish in chaotic wartime conditions, and there is much evidence that heroin profits are being used to purchase arms. Until order is restored in Lebanon gains in opium control are highly unlikely.

### Goal Three: Marijuana

The worldwide marijuana picture in 1988 was mixed, with some nations making significant gains against marijuana cultivation and others unable to reduce their supplies. In countries where repeated aerial marijuana eradication campaigns have been launched, such as Belize, cultivation and replanting have been significantly reduced.

Jamaica was able to hold the line on marijuana production; during 1988 between 340-470 metric tons were produced after reducing supplies last year to a range of 325-535 metric tons of marijuana. Belize continued to reduce its total cultivation; 1988 estimates indicate that 120 metric tons of marijuana were produced by Belize, compared to 200 the previous year.

The marijuana situation in both Mexico and Colombia are of continuing concern. Mexico is estimated to produce an estimated over 5,600 metric tons of marijuana, a great deal of which is exported to the United States. Colombia has been successful in eradicating marijuana cultivated in traditional areas through a series of aerial eradication campaigns. However, marijuana farmers have begun cultivation in non-traditional areas of Colombia including the Cauca and San Lucas Mountains; an estimated range of between 5,900 and 9,600 metric tons were produced by Colombia in 1988.

Asian cannabis cultivation is still worrisome to U.S. policy makers. There is no definitive estimate on the amount of marijuana produced by Thailand, Laos, the Philippines and Cambodia, although there is evidence that much of this production is generated for the U.S. market, particularly from Thailand and Laos.

The United States remains the third largest marijuana producer for the U.S. market. Eradication continued in the U.S. during 1988, as law enforcement personnel located and destroyed 38,531 small, difficult to locate plantations and seized 1240 indoor greenhouses which account for the majority of U.S. marijuana sources. Net U.S. production is estimated at 3,000-3,500 metric tons for 1988.

### Goal Four: Trafficking Networks

Major international drug traffickers continued to wield power in Latin America and Asia, demonstrating their ability to run large

organizations with untold wealth, a ready supply of arms and growing access to the world's media. While many of the world's most powerful drug traffickers remain at large, three notorious cocaine traffickers are behind bars today. Carlos Lehder was convicted and sentenced to life in prison after being extradited from Colombia. Ramon Matta Ballesteros, captured in Honduras is serving time on a separate offense and is awaiting trial on drug trafficking charges, and Bolivia's drug kingpin, Roberto Suarez, was arrested by Bolivian authorities and is presently in prison.

Drug traffickers Rafael Caro Quintero and Ernesto Fonseca Carillo, among others, were convicted in September, 1988 on drug trafficking charges involving marijuana cultivation at "El Bufalo" Ranch, Chihuahua. Caro Quintero received a 34-year sentence and Fonseca Carillo, 11 years. The Mexican Government's criminal proceedings in a separate trial against Caro Quintero, Fonseca Carillo and others, for the kidnapping and murder of DEA Special Agent Enrique Camarena and Mexican pilot Alfredo Zavala are coming to a close. Upon formal conclusion of the present stage of the trial, the prosecution and defense attorneys will present their final conclusions and render a verdict. To date, the case file contains twenty-nine volumes of evidence, encompassing over 15,000 pages, and includes the cross-examinations of over 600 witnesses and suspects. Including defendants charged with lesser crimes, the trial involves the prosecution of 46 defendants.

Intelligence gathering and the use of tactical intelligence are critical to U.S. Government efforts to dismantle international drug trafficking networks. Through the Intelligence Subcommittee of the National Drug Policy Board, relevant U.S. agencies set priorities during 1988 and established requirements for the coming year. One of the most promising initiatives emerged in the Dominican Republic with the operation of the Joint Intelligence Collection Center (JICC); based on the same principle as the El Paso Intelligence Center, the JICC collects and stores information on suspected traffickers. The Governments of Haiti and Aruba established JICCs which have been operational during the past year. JICC serves as a model of what can be accomplished by countries with emerging trafficking problems, and it is anticipated that other Caribbean nations may establish similar systems in the coming months.

During December, 43 countries became signatories to the United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, an historic agreement which will assist governments in dealing with the "extranational" problems associated with drug trafficking.

The Convention, which was signed after four years of work, establishes or strengthens international law enforcement measures that will substantially enhance nations' ability to identify, arrest, prosecute and convict drug traffickers across international borders. By establishing multilateral law enforcement commitments previously achieved only through bilateral agreements, the treaty sends a clear message to governments and drug traffickers that there is a collective, global commitment to eliminating international drug trafficking.

The U.S. Government supports this highly specific treaty which represents a new era of multilateral cooperation on specific law enforcement measures. Included in the treaty are provisions to:

- Facilitate the exchange of evidence among judicial and law enforcement agencies and minimize the possibilities that international drug traffickers can escape arrest, prosecution and conviction by making such evidence, often gathered in several states, widely available to international law enforcement agencies around the globe;
- Strengthen nations' ability to identify, trace, seize and confiscate traffickers' financial profits, real estate, possessions and other assets by overcoming bank secrecy and by requiring countries to adopt laws to permit seizure of criminally-gained assets;
- Require that all signatories make money laundering a crime;
- Assure that drug trafficking and money laundering are made crimes for which criminals will be extradited and prosecuted;
- Obligate owners of commercial carriers to prevent drug traffickers from using their facilities, and urges governments to enlist private port authorities in the fight against drug trafficking;
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- Exert controls on the shipment of chemicals used in the manufacture of illicit drugs;
- Recognize the priority on bilateral and multilateral law enforcement cooperation;
- Enhance international cooperation among states in the area of ship boarding, search and seizure of vessels participating in drug trafficking on the high seas;
- Extend to free trade zones and free ports law enforcement measures, previously used only domestically, to suppress illicit traffic such as surveillance and search systems;
- Provide effective measures and a legislative framework in which signatories can suppress the use of mails for drug trafficking;
- Restate international commitment to crop eradication and demand reduction as ways to reduce drug trafficking; and
- Encourage countries to allow the use of controlled delivery across international borders as an investigative tool.

The U.S. Senate is expected to give its advice and consent to ratification of this convention in the near future. The U.S. Senate still must approve the Mutual Legal Assistance Treaties signed by the Governments of Mexico and the Bahamas which were referred to the Senate for action last year; four other MLATs are also pending: Thailand, Canada, Cayman Islands and Belgium.

1988 was a banner year for initiating what is hoped to be several classic investigations of the financial networks and wealth management systems of drug traffickers. The value of targeting the financial flows of drug traffickers has achieved a new prominence in U.S. enforcement operations and has become central to U.S. drug control policy. The pursuit of proceeds is enhanced by marked increases in international sensitivity to this issue, spurred in part by the attention given to money laundering issues at the United Nations and the Economic Summit of Industrialized Nations as well as our enforcement initiatives. International action to stop money laundering is also unquestionably driven by awareness of the crippling effects of narcotics trafficking and corruption, and a desire to avoid the stigma borne by countries which have become money laundering centers.

A number of international investigations led to major arrests and the seizure of millions of dollars in drug-related assets. One of the most successful money laundering investigations, called "C-Chase" by U.S. Customs and other enforcement agencies, led British, French and U.S. authorities to shut down an international network operating on three continents; the Bank of Credit and Commerce International (BCCI) was indicted.

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#### Goal Five: Public Diplomacy

International public opinion is one of the most crucial elements of a successful narcotics control program; the U.S. Government, understanding this, is working with a number of foreign governments to raise public awareness about the global drug problem and enlist support for concerted, international action against all facets of the illicit drug trade. Public diplomacy is a term loosely used to describe collaborative U.S./foreign government efforts to engage segments of society and the foreign media in such public awareness programs. Central to a successful public diplomacy campaign must be the free flow of information between the U.S. and other nations about what the United States Government and private sector are doing to address our problems of drug production, trafficking and abuse.

The U.S. Information Agency (USIA), the Department of State and the Agency for International Development (AID) contributed to the U.S. Government's public awareness activities during 1988. In addition to the sharing of information, the U.S. Government also provided technical assistance to a number of countries in the area of drug education and demand reduction.

As nations recognize their growing problem of drug addiction, more governments are approaching the U.S. to obtain expertise in prevention, education and treatment. This year the Department of State provided training, expertise and information to over twenty countries seeking assistance in the areas of drug abuse prevention and education. INM began publishing a bimonthly bulletin for worldwide distribution containing information on international developments in demand reduction.

USIA has become increasingly active in supporting U.S. Government anti-narcotics programs. Last year, 66 overseas posts requested 69 speakers, 90 international visitor

grants, 43 WORLDNET interactives, and 16 Satellite speaker conferences on a variety of narcotics-related topics. The number of requests has increased significantly during the past two years as public awareness among foreign audiences grows. USIA has targeted 12 countries for major anti-narcotics programming and the agency receives support from its Wireless File, International Visitor Program office, and its television service.

USIA produced special drug publications in major languages. During 1988, a pamphlet titled "Cocaine, Opium, Marijuana: Global Problem, Global Response" was published in eight languages and distributed widely. The agency also translated, printed and distributed the highly acclaimed Department of Education publication, "Schools Without Drugs".

One of the most valuable initiatives carried out by USIA (Voice of America) last year was the Journalist Training Workshop for foreign journalists. Journalists from over forty countries heard speakers such as the First Lady, the Secretary of State, the Attorney General, INM's Assistant Secretary, the White House Drug Advisor, and the DEA Administrator discuss the international ramifications of drug production, trafficking and abuse. A number of excellent news articles were filed during these workshops, and many of these returning journalists continue to write anti-narcotics stories in the foreign press.

The Agency for International Development (AID) has also become increasingly involved in narcotics awareness programs and anticipates that ten countries may receive assistance in this area next year. AID obligated almost \$5 million for drug awareness programs in 1988 to fund training, technical assistance, information dissemination, and use of the media. A high profile for drug education efforts was given during a conference held in Ciudad Juarez, Mexico in November at which time U.S. government representatives were shown first-hand the results of an ongoing AID Mexico initiative.

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#### Goal Six: International Cooperation

Developed nations are becoming increasingly involved in the international narcotics issue as the threats of drug trafficking and abuse take their toll on most societies. Through diplomatic and program initiatives, the United States is working with other gov-

ernments to ensure that narcotics is elevated on the international agenda.

The annual March 1 certification process mandated by PL 99-570 is the centerpiece of U.S. diplomatic efforts to encourage international cooperation in narcotics control. In March 1988, the President denied certification to Panama, Iran, Afghanistan and Syria on the grounds that none of those countries cooperated fully with the U.S. or took adequate narcotics control steps on their own. Laos, Lebanon and Paraguay were granted 'national interest' certifications. Over a billion dollars in U.S. foreign assistance is at stake in the certification process which requires that 60 percent of a nation's U.S.-granted foreign assistance must be denied upon decertification.

The U.S. Congress stipulated further criteria which must now be taken into account when certification decisions are made. The Chiles Amendment, which became law in 1988, requires that no country can be certified as cooperating in narcotics control unless it has a specific bilateral agreement with the United States. These agreements must cover, where applicable, drug eradication, interdiction, demand reduction, chemical control and cooperation with U.S. drug enforcement agencies.

The finalization of the United Nations Trafficking Convention was one of several positive developments in the area of international cooperation. In meetings of the Economic Summit of Industrialized Nations member nations (the U.S., Canada, France, the Federal Republic of Germany, Italy, Japan and the United Kingdom), cooperation on controlling international narcotics production, trafficking and abuse were discussed in detail. At the June meetings in Toronto, the governments agreed to convene an experts group later in the year; the U.S. hosted this experts meeting in September at which representatives from six nations (France declined to attend) made recommendations on how to achieve enhanced cooperation in controlling financial flows, strengthening law enforcement initiatives, reducing the demand for drugs and supporting development projects.

The U.S. and U.S.S.R. signed a bilateral agreement in January, 1989 which will lead to closer cooperation between our two nations in narcotics investigations. The agreement, signed by Secretary Shultz and Foreign Minister Shevardnadze provides a mechanism for

exchange of information on drug traffickers, shipments and the source of seized narcotics.

The personal diplomacy of U.S. Government officials such as the Secretary of State and the Attorney General who both travelled to Latin America during 1988 re-enforced the priority that the Administration places on the narcotics issue as a major foreign policy concern. Culminating her eight-year involvement in anti-drug activities, First Lady Nancy Reagan spoke at the United Nations during the General Assembly last fall. Mrs. Reagan's remarks emphasized the need for international cooperation in fighting drugs and held American users accountable for the worldwide consequences of their drug use.

International organizations such as the United Nations, the Organization of American States (OAS), the Andean Parliament, the Association of Southeast Asian Nations (ASEAN) and the Colombo Plan were active on the drug front during the year.

U.S. support for United Nations anti-drug efforts includes work with the United Nations Fund for Drug Abuse Control (UNFDAC), the International Narcotics Control Board (INCB), the World Health Organization (WHO), and the Division of Narcotic Drugs (DND). Since 1971, UNFDAC has been a vehicle for multilateral implementation of narcotics control and demand reduction programs. The U.S. contributed \$3 million to

UNFDAC in 1988; \$1 million of this was earmarked for the DND (Division on Narcotic Drugs) to support programs in law enforcement, herbicide use, and an international drug abuse assessment system.

The United States also contributed to the Colombo Plan to carry out international visitor programs, public awareness activities, work with non-governmental organizations and an epidemiology study. ASEAN hosted a U.S.-supported seminar on asset forfeiture and seizure which provided Asian governments with technical information on this law enforcement tool.

1988 was the second year of operations of the OAS's Inter American Drug Abuse Control Commission. The CICAD's membership expanded from 11 members to 20, demonstrating the growing interest among OAS members in the drug issue. During the last year, the Commission launched regional projects using school systems for prevention and strengthening law enforcement mechanisms in the fight against drug abuse and trafficking. CICAD also undertook to develop stricter regional controls on precursor chemicals. Plans for 1989 include a meeting of ministers from the thirty one OAS member states to reassess priorities for action.



## Worldwide Production Totals

Country	Worldwide Production Totals					
	1988			1987		
	Meat Tons	Hectares Cultivated	Hectares Enfranchised	Meat Tons	Hectares Cultivated	Hectares Enfranchised
Opium						
Afghanistan	700-800	23,000	0	400-600	18,500	0
Iran	200-400	na	0	200-400	na	0
Pakistan	190-220	13,296	1,708	11,270	11,270	1,300
Total SW Asia	1,090-1,420	36,296	1,708	790-1,420	29,770	1,300
Burma	1,065-1,500	116,700	12,500	925-1,200	92,300	16,270
Laos	210-300	na	0	150-300	na	0
Thailand	23-33	4,604	1,781	20-45	4,674	1,740
Total SE Asia	1,298-1,833	121,304	14,281	1,095-1,575	96,974	18,019
Mexico	45-55	7,738	2,737	45-55	7,380	2,200
Total Opium	2,433-3,308	322,938	34,675	1,930-3,050	280,848	40,538
Coca						
Bolivia	57,445-78,355	49,978	1,476	46,000-67,000	40,300	1,042
Colombia	19,000-24,200	27,230	200	19,000-23,000	25,000	460
Peru	97,000-124,000	115,630	5,130	98,000-121,000	109,500	355
Ecuador	300-500	300	80	400	410	110
Total Coca	173,745-227,055	193,136	6,886	162,400-211,400	175,210	1,967
Marjuana						
Mexico	5,655	9,000	3,997	5,970-7,130	9,000	3,750
Colombia	5,927-9,625	9,200	5,012	3,435-7,760	13,008 <sup>1</sup>	6,000
Jamaica	340-470	1,257	650	325-535	1,200	650
Belize	120	690	528	200	1,098	870
Others	3,000-4,000	na	na	1,000-2,000	na	na
Total Marijuana	15,042-19,670	20,117	10,187	10,900-17,825	24,421	13,270
Hashish						
Lebanon	700	na	na	600	na	na
Pakistan	200	na	na	200	na	na
Afghanistan	200-400	na	na	200-400	na	na
Morocco	85	na	na	60	na	na
Total Hashish	1,165-1,385	na	na	1,060-1,260	na	na

## Worldwide Production: 1985 - 1989

Worldwide Production: 1985 - 1989					
Country	1985 (Metric Tons)	1986 (Metric Tons)	1987 (Metric Tons)	1988 (Metric Tons)	1989 (Metric Tons)
<b>Opium</b>					
Afghanistan	700-800	700-800	400-500	400-500	400-500
Iran	200-400	200-400	200-400	200-400	200-400
Pakistan	105-175	190-220	190-220	140-160	40-70
Total SW Asia	1,005-1,375	1,090-1,420	790-1,420	740-1,060	840-970
Burma	1,100-1,535	1,065-1,500	925-1,230	770-1,100	490-490
Laos	210-300	210-300	150-300	100-300	100-100
Thailand	23-33	23-33	20-45	20-25	35-35
Total SE Asia	1,333-1,868	1,298-1,833	1,095-1,575	870-1,415	625-625
Mexico	40-50	45-55	45-55	35-50	25-45
Total Opium	2,378-3,293	2,433-3,308	1,930-3,050	1,595-2,525	1,290-1,640
<b>Coca</b>					
Bolivia	58,382-79,640	57,445-78,355	46,000-67,000	44,000-62,920	42,000-53,200
Colombia	19,000-24,200	19,000-24,200	18,000-23,000	12,000-13,800	12,400-12,400
Peru	88,450-125,860	97,000-124,000	98,000-121,000	95,000-120,000	95,200-95,200
Ecuador	175-230	300-500	400	1,000	1,000
Others					
Total Coca	178,007-229,990	173,745-227,055	162,400-211,400	152,000-187,520	151,500-182,700
<b>Marijuana</b>					
Mexico	4,750	5,655	5,070-7,130	4,000-6,000	3,000-4,000
Colombia	2,090-3,395	5,927-9,625	3,435-7,760	2,530-3,630	2,000-4,000
Jamaica	340-470	340-470	325-535	1,485-2,025	625-1,280
Belize	73	120	200	550	645
Others	3,000-4,000	3,000-4,000	1,000-2,000	800-1,000	800-1,000
Total Marijuana	10,253-12,668	15,042-19,870	10,830-17,825	9,365-13,205	7,070-10,925
<b>Hashish</b>					
Lebanon	700	700	600	720	720
Pakistan	200	200	200	200	200
Afghanistan	200-400	200-400	200-400	200-400	200-400
Morocco	85	85	60	30-60	30-60
Total Hashish	1,185-1,385	1,185-1,385	1,060-1,260	1,190-1,380	1,190-1,380

## General Footnotes

The INCSR production estimates, stated metric tons, show net production or net yield, after eradication, for a five year period. Other reports usually estimate total cultivation in hectares or acres, multiply by a yield factor in kilograms, and then report gross potential or theoretical production. INCSR estimates are stated post eradication but the totals have not been discounted for loss, domestic consumption or seizures; those deductions are shown in country chapters. Invariably, the net amount available for processing into narcotics for exports will be lower, significantly lower in some countries, than the net yield figures shown in these tables.

The data in these tables should be considered estimates, rather than empirical findings. Some data are based upon joint surveys, but other numbers are only preliminary estimates, heavily dependent on variables which are still being tested, and some are assumptions made on experience. Rigid mathematical extrapolation is not encouraged.

Some estimates for 1985, 1986 and 1987 have been changed since the INCSRs were issued for those years, reflecting receipt of additional data on cultivation and yield.

Year-to-year differences in these tables may indicate production trends, but could also reflect changes in methodology, or in the scope and quality of information. Country chapters should be consulted before conclusions are made about the nature of numerical differences.

In previous years, the INCSR has attempted to provide data on the year just completed (1988), the current year (1989), and the year to come. While some country chapters provide estimates for 1990, the bulk of tables and this master summary do not. Projections two years in advance are problematic on many counts, not the least of which is that coca crops may be harvested four to six times a year from bushes that have a life span of 15-25 years, while cannabis and opium poppy are usually harvested just once, but may be planted several times a year. Farmers may decide for any number of reasons, including trafficker pressure and incentives, to plant more than enough to offset the effects of eradication, or simply to increase their plantings greatly from one season to the next because of price differences

with traditional agriculture. There is reason to believe that not all crops reflected in estimates are actually harvested. Thus cultivation numbers can rise in non-linear fashion, and may not indicate a worsening situation in terms of increased exports to the United States.

### Production Footnotes

- **Heroin.** The National Narcotics Intelligence Consumers Committee has not reported a heroin import estimate for 1988.
- **Other Opium.** Opium poppy cultivation in Lebanon was reported at 27 metric tons in 1987. There is also some illicit opium poppy cultivation in Guatemala, Syria and India, as reflected in the country data tables. The concentration in this table is on opium source countries which are major factors in the U.S. heroin market.
- **Cocaine.** The NNICC does not have an import estimate for 1988.
- **Coca Production.** Intelligence analysts have assumed that Andean coca production was increasing 5-10 percent per year since 1980. Recent surveys indicate real variation in the rate of expansion for various countries. Note also that figures show are for coca cultivated in each country; the table does not reflect the amount of coca processed in Colombia from other sources. In addition to the four Andean countries, coca or *epadu* is known to be cultivated in western Brazil. Nearly 800 tons of leaf was destroyed in 1988, but no gross estimate is available.
- **Marijuana.** U.S. officials estimate that marijuana production in the United States in 1988 was in a range of 3,000 to 3,500 metric tons, compared to a 3,000 metric ton estimate for 1987. Several thousand tons of cannabis are grown in such countries as Guatemala, Brazil, Paraguay, Venezuela, Pakistan, Thailand, Laos, Cambodia, the Philippines, and numerous African countries. Data on this cultivation is shown in country chapters. The NNICC committee estimates that actual import potential from all of these sources in 1988 was in a range of 3,000 to 4,000 metric tons, the same estimate as in 1987. The

NNICC will report an estimate for marijuana imports later this year.

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#### Country Data Footnotes

- **Pakistan.** The 1988 INCSR carried a data table footnote expressing the belief of U.S. officials that the 1987 yield, reported at 135-160 metric tons, may have used too low a yield factor and may have given too much emphasis to the effects of poor weather during the harvesting season, and could be an under-estimate. Opium yield studies conducted during 1988 revealed that yields may be 25-30 percent higher than reported, and may have been so for some period of time. The 1987 estimate
- has been revised to estimate net production at 190-220 metric tons and this same figure is used for 1988, reflecting a belief by U.S. officials that net yield did not increase to any significant degree from 1987 to 1988. Approximately 205 metric tons were available in each year.
- **Colombia.** While net cultivation of cannabis increased, the country chapter notes that crops in the traditional northern growing areas have been virtually eliminated, and that the eradication strategy is shifting to these areas where new production is occurring.

## Country And Regional Summaries: 1988

**Afghanistan**, denied certification last year, produced 700-800 metric tons of opium in this past year and remains a principal but politically inaccessible source of opium/heroin for European and U.S. drug markets. Given the current instability in the wake of the Soviet withdrawal, there are no forecasts as to the time and circumstances under which a government in Kabul will attempt to suppress cultivation and refining. The situation is complicated by the resettlement of Afghan refugees who may turn to opium as a cash crop, increasing the likelihood that production may increase.

**Argentina** is of increasing concern as a refining and transit center for cocaine destined for U.S. and European drug markets, and as a source of precursor chemicals. U.S. officials are encouraged by a much improved enforcement effort in 1988 (seizures and arrests doubled), but worry about the increasing importation of Bolivian paste and the expansion of a network of domestic cocaine laboratories. The country has a high potential for money laundering.

**The Bahamas** continues to be a major transit country for cocaine and marijuana entering the United States, and is an important money laundering center. Cooperation with U.S. enforcement agencies in 1988 is considered good, with numerous joint undercover as well as regular operations including OPBAT underway. U.S. assisted operations resulted in the seizure of more than 10 metric tons of cocaine and more than 13 metric tons of marijuana. Following the arrest of several important traffickers, the GCOB imposed new and more stringent sentencing; it is also more actively investigating corruption, which continues to be a factor affecting operational effectiveness. The Bahamas signed an agreement in accordance with the Chiles Amendment on February 17, 1989.

**Belize** is no longer a major source country for cannabis, now producing only 120 metric tons a year thanks to a successful US-assisted aerial eradication program. However, it is becoming an increasingly important transit country for cocaine from South America and marijuana from Guatemala. Law enforcement resources are limited but enforcement capabilities are improving. Money laundering is not a factor.

**Bolivia** conducted its first significant eradication campaign in 1987-88, exceeding the initial target of 1,800 hectares, but a surge in cultivation spurred by higher leaf prices dwarfed the impact of the voluntary eradication program. Bolivia passed a much-strengthened narcotics law and adopted implementing regulations, and its new-experienced crop control organization has set a target of 5,000 hectares for this year's program, which includes involuntary destruction of seed beds. The enforcement picture brightened: major trafficker Roberto Suarez was jailed; the INM airwing supported a DEA-assisted interdiction effort that sharply increased seizures of cocaine and paste, and the number of base and cocaine labs destroyed. Bolivia is not a major factor in international money laundering.

**Brazil** is vital in the cocaine trade as a transit country for Andean traffickers, as a producer of precursor chemicals, and as an emerging coca cultivator. Police conducted two major eradication campaigns in 1988, and demolished eight cocaine labs and seized more than a ton of cocaine. Police also destroyed 5,240 metric tons of cannabis. These high levels of enforcement activity, maintained despite budget constraints, will be enhanced by \$5 million in equipment from UNFAC. Brazil is not a major factor in international money laundering.

**Bulgaria** is a vital transit country for the illicit drugs smuggled along the Balkan route from Southwest Asia and the Middle East. Traffickers no longer operate openly in Sofia; money laundering is not a factor.

**Burma's** political turmoil has grounded its large-scale aerial eradication program until an effective government is seated in Rangoon. Traffickers capitalized on diminished enforcement efforts to smuggle large quantities of opium and heroin with little interference. The prospect for 1989 is grim: with highly favorable climatic conditions and the suspension of programs to destroy crops or seize shipments of drugs or precursor chemicals from China, Thailand and India, traffickers may harvest and move as much as 1,400 metric tons of opium to heroin refiners in Southeast Asia. Money laundering is not a factor.

**The People's Republic of China** does not produce significant amounts of illicit narcotics

but U.S. officials are increasingly concerned about the transshipment of Golden Triangle heroin through southern China to Hong Kong and traffic in precursor chemicals into the Triangle. The Chinese government is responsive to these developments, ironically resulting from its own "openness policy" and is particularly concerned about indications of re-established Triad influence in southern China. A new law controlling precursor chemicals was enacted in December, 1988, as part of a reinvigorated enforcement effort. China sent police officials to the U.S. to give evidence in the "Goldfish" heroin case.

Costa Rica is increasingly important as a cocaine transit country, with estimates that 6-12 metric tons of cocaine are being transported through its territory by air and sea. Authorities remain vigilant to the possibility of labs being established; but no new labs were found in the last two years. Cannabis cultivation appears to be less extensive than previously estimated and the export trade is a minor enterprise. Costa Rica is not a major money laundering center although a highly publicized money laundering trial has focused attention on the issue.

Colombia deployed its military more extensively in an intensified effort to suppress cocaine refining, and the results were impressive: over 23 metric tons of cocaine seized, more than 800 labs destroyed including 29 major complexes, and about 600,000 gallons of precursor chemicals seized. Colombia has destroyed more than 90 percent of cannabis growing in traditional northern areas, but traffickers have planted extensively in the San Lucas mountains and south in Cauca. Marijuana tonnage increased in 1988 despite an aggressive eradication campaign. Coca cultivation increased above the 1987 level; eradication of 230 hectares was conducted manually. Despite police efforts to harass the Medellin cartel and other trafficking groups, large amounts of cocaine continued to flow to the United States; almost 20 metric tons were seized by U.S. Customs. Overall enforcement remains hampered by a judicial system that has been intimidated by violence. Drug profits flow into and out of Colombia, but money laundering per se is not a major activity.

Cote d'Ivoire continues to suppress marijuana cultivation, which is not a factor on the international market, while trying to cope with a continued flow of heroin, cocaine and mari-

juana transiting Abidjan enroute to Europe and sometimes the United States.

Cuba sits amidst some of the primary drug routes into the United States and aircraft and seacraft are reportedly eluding U.S. agents by entering Cuban territorial waters or airspace. In the past, U.S. officials have accused Cuban officials of involvement, and indictments were returned against four ranking officials in 1982. Cuban authorities have publicly expressed an interest in anti-drug cooperation with the United States, but have not elaborated on what kind of cooperation they envision.

Cyprus is central to the drug trade in the Middle East and especially from Lebanon. Traffickers use Cyprus as a site for brokering deals, and also for exchanges of cash and narcotics. The banking system is not involved in the money exchanges. Cooperation with U.S. agencies is considered good.

The Dominican Republic has become an ideal staging area and refueling stop for traffickers smuggling cocaine into the United States. Some marijuana is also transhipped by traffickers, who are attracted by the island's 63 airstrips. The government ranks the drug problem as a major priority, and in 1988 passed tough new anti-drug legislation which imposes mandatory sentences. The very effective Joint Information Coordination Center, vital to the monitoring of drug traffic through that part of the Caribbean can serve as a model for other countries. Money laundering is not a problem.

Ecuador has fallen below the statutory standard as a coca producing source country, but is a transit point for an estimated 30-50 metric tons of cocaine enroute to the U.S., and also a transit country for large quantities of precursor chemicals. Coca leaf production has dropped to 400 metric tons a year, thanks to a vigorous eradication program. New laws are being proposed to curb trafficking in precursor chemicals; police confiscated 1,600 drums of chemicals which could have been used in the production of 16 metric tons of cocaine. While cooperation with U.S. enforcement authorities remains good, judicial corruption and inefficiency are considered program impediments. Some money laundering occurs but is considered minor.

Egypt is an important consumer of opium, heroin and hashish, supporting production in Asia and the Middle East, and is increasingly important as a transit point for drugs intended for European and U.S. markets. Heroin moves

from both Southwest and Southeast Asia, as well as Lebanon and Syria which are also the principal suppliers of hashish. Egyptian police seized four metric tons of opium and 300 kilograms of heroin in a Suez Canal operation in 1988, among the largest seizures ever made outside of an opium source country. Some money laundering occurs but most profits flow abroad.

Greece is an important transit point due to its location at the commercial crossroads between Europe and the Middle East, its long coastline and sparsely populated islands and extensive merchant marine facilities contribute to its role in the international drug trade. Heroin transits Greece enroute Europe and the United States. Police increased their effectiveness in 1988, particularly in interdicting drugs at the Athens airport.

Guatemala increased in importance to the U.S. drug situation as larger amounts of opium and marijuana were produced during the past year. U.S. officials estimate that as much as 150 kilograms of heroin are smuggled into the United States, probably under control of Mexican traffickers. Guatemala is also important to the cocaine trade, serving as a transit point for narcotics headed for Florida, Louisiana and Texas and for precursor chemicals destined for South America. Guatemala has conducted effective eradication efforts, and cooperates with U.S. officials on a chemical tracking program and interdiction efforts. Money laundering is not a major factor.

Haiti improved its drug interdiction efforts in 1988, despite two coups and four governments. The Avril government improved the climate for cooperation. Seizures increased substantially in 1988, thanks in part to a new Center for Information and Coordination at Port au Prince airport, but the volume of trafficking remains beyond the capability of the narcotics police. U.S. enforcement agencies are concerned that the uncertain situation in Haiti and lack of strong control by the central government has led to the increasing use of Haitian waters and Haitian-registered vessels for the transshipment of cocaine. Although corruption remains a problem, the Avril government did remove from service a number of military officers suspected of involvement. There is little information on money laundering activity.

Honduras is a transshipment point for Colombian cocaine. The key event of 1988 was

the arrest and expulsion of Matia Ballesteros, a major Honduran trafficker with Colombian connections; he is now imprisoned in the U.S. Honduras signed a bilateral anti-narcotics agreement with the United States last November, accenting the cooperation evident in the opening of a permanent DEA office last May and in cooperation on seizures and investigations. While there have not been the dramatic seizures that occurred in 1987, U.S. and Honduran authorities collaborated on a seizure of 453 kilograms last August. There was also cooperation on operations at sea with the U.S. Coast Guard.

Hong Kong is both the financial and money laundering center of the Far East narcotics trade and an important transit center for Golden Triangle heroin destined for Australia, Canada, the U.S. and Europe. Hong Kong police, who made record heroin seizures and arrested a number of key traffickers in 1988, believe that as much as half the heroin seized came overland through China. A high degree of cooperation exists with U.S. officials. Hong Kong is moving forward with legislation enabling the courts to trace, freeze and seize proceeds of drug trafficking, and is considering a U.S. proposed Mutual Legal Assistance Agreement.

India, the world's major producer of licit opium for processing into pharmaceutical, is of increasing concern to U.S. officials as a transit route for Pakistani and Burmese heroin and for precursor chemicals used in manufacturing heroin. In the last two years, concern has grown over diversion from licit production. India continues to reduce licit production in response to a declining market for opium gum. Diversion is estimated at 30 to 60 metric tons, primarily for domestic consumption. India has long had a sophisticated money laundering system which is but one element in a thriving underground economy. To counter narcotics money laundering, the GOI has adopted new asset forfeiture legislation.

Indonesia is a transit site for heroin, opium, hashish and precursor chemicals. Heroin is exported to Australia, New Zealand and Western Europe; the amounts reaching U.S. markets are not considered significant. New interest focuses on Bali; Western Europeans are heavily involved in the increasing traffic from this major resort area, which is augmented by the high number of international flights. Money laundering is not a factor.

Iran was denied certification last year on grounds of non-cooperation. U.S. officials estimate opium production at 200-400 metric tons. While this amount would not satisfy Iran's domestic addict population, opium and heroin are flowing across Iran from Pakistan and Afghanistan, and exported through Turkey and other routes to Western markets.

Jamaica has reduced marijuana production dramatically, from a high of 1,755 metric tons in 1986 to 406 metric tons in 1988. The island is also a transit point for cocaine; traffickers are now paying for services in kind, increasing the amount of cocaine available for Jamaican consumption. Money laundering does not appear to be a major problem, with most drug proceeds being laundered elsewhere. Cooperation with U.S. authorities remains quite good on the vigorous eradication campaign as well as interdiction and investigations. Seizures dropped below 1987 levels, but a number of improvements, including new procedures and expanded training, are in place for 1989 to enhance the enforcement effort. Heavy fines have been levied by U.S. Customs on airlines and shipping firms whose vessels have been used to smuggle narcotics out of Jamaica.

Kenya is of increasing importance as a transit point for Southwest Asian heroin enroute to West Africa, Europe and the United States. Local consumption of heroin is increasing. Small amounts of marijuana are cultivated and consumed locally. New anti-drug legislation should be adopted in 1989. U.S. officials concentrate on raising awareness of these problems with Kenyan officials, and have provided some commodity support, as well as training and technical assistance.

Laos is the only country to date for which the extensive involvement of military and civilian government officials led to accusations that the government is facilitating narcotics trafficking during the corruption review required by Section 2013, P.L. 99-570. The Lao Government has made repeated efforts in the past year to convince U.S. officials of its intention to curb illicit narcotics production and trafficking. However, U.S. officials believe that opium production continues to expand, and could be approaching the 300 metric ton mark, and that heroin refining continues. Laos is exporting heroin and marijuana through Thailand, Vietnam and China. The government has welcomed U.S. consultations

on narcotics and a United Nations narcotics related crop substitution program.

Lebanon, which was given a national interest certification in 1988, continues to be a major narcotics producing and trafficking country, supplying heroin to Europe and the United States, as well as hashish to the Middle East and Western countries. The assessment of Lebanon takes into account the limited control of the central government: Syria controls an estimated 65 percent of the country, including the strategic Bekaa Valley where crops are cultivated and processed and trafficking originates.

Malaysia is an important heroin conversion and transit center, exporting primarily to Europe and Australia. Plagued by drug abuse among its own population and concerned by the dominance of criminal elements in the trade, Malaysia considers drug trafficking a national security problem and has the death penalty for traffickers. A strong domestic enforcement program which drove heroin seizures up by 700 percent seems to have reduced drug availability in 1988, and a new property forfeiture act provides a vital new weapon, but the expected bounty of opium coming from the Golden Triangle in 1989 will put the country's forces to a test.

Mexico expanded the scope of opium and marijuana eradication programs, while taking steps to improve operational efficiency. Cocaine seizures rose sharply. Still, Mexico remained the largest single country source for heroin, the second largest source for marijuana and a leading transit point for cocaine. Newly elected President Carlos Salinas de Gortari has made anti-narcotics programs a national priority for his new government, and the Attorney General's budget for 1989 will exceed \$26 million, up from \$19.5 million in 1987. A strong, positive tone for bilateral relations was set in an early meeting between then President-elect Bush and Mr. Salinas, and the U.S. government, anticipating continued improvements in the program, is prepared to cooperate with Salinas on these enhancements. However, U.S. officials are concerned about the inhibiting effects of corruption throughout the program. U.S. enforcement agencies continue to monitor instances of drug-related corruption within Mexico.

Morocco is a source of cannabis and hashish, primarily for European and African markets, and also a transit point for heroin and



cocaine. Cannabis cultivation is increasing as is domestic consumption. The effect on the U.S. market is considered insignificant. A United Nations funded crop substitution project should begin in 1989.

Nepal is an increasingly used transit point for heroin produced in Pakistan and the Golden Triangle, some of it routed through India and conveyed onward by India traffickers. There is concern that traffic could increase in 1989 with the opening of a new international terminal at the Kathmandu airport. While there is no conclusive evidence of money laundering, there is a thriving market in gold, part of which is believed related to narcotics smuggling.

Nicaragua continues to be mentioned by informants and traffickers as a cocaine transit point. In 1986 there were accusations that top government officials engaged in trafficking. Nicaragua is now cooperating with Costa Rica on drug matters, but not with U.S. enforcement agencies.

Nigeria is a major heroin transit country, a principal link between South west Asian producers and consumer markets in Europe and the United States. Cocaine from South America is also smuggled through Nigeria en route to Europe. Improved enforcement at Lagos airport has caused some diversion of heroin to other West African cities, then back to Nigeria through land routes. U.S. officials provide training and technical assistance.

Pakistan opium production remained high in 1988 (205 metric tons), reflecting political instability in growing areas and the continued expansion of the country's domestic addict population. Spurred by awareness of this problem, which may now include a million heroin addicts, Prime Minister Bhutto has publicly committed her government to a strong anti-narcotics program, including strict enforcement of the poppy ban in all areas. Law enforcement agencies maintained high seizure and arrest rates, but have not pursued major traffickers. One major dealer is awaiting trial in Lahore and another may be extradited to the United States. Money laundering is not a major factor.

Panama was denied certification in 1988, following the indictments of General Noriega by two U.S. grand juries on charges of narcotics trafficking. Despite being fired by the lawful President of Panama in 1988, Noriega illegally remains in control of the Panamanian Defense

Forces. Panama continues to be a principal money laundering center for the South American cocaine trade, and a transit site for cocaine and precursor chemical shipments. Noriega's defiance of President Delvalle and continued control of Panama's police forces prevent President Delvalle from effectively implementing his policy of full cooperation with the U.S. While some minimal cooperation continues between the Noriega regime and DEA on a limited number of enforcement matters, cooperation on money-laundering has bogged down since Noriega's indictment. President Delvalle's Government continues to allow boarding of Panamanian flag vessels by U.S. narcotics officials. U.S. prohibitions on aid to the Noriega-Solis regime continue.

Paraguay U.S. officials are waiting to see what measures General Rodriguez, the military leader who in February 1989 overthrew former President Stroessner, takes against drugs. Rodriguez in the past has been the subject of numerous allegations of illegal activity, including drug trafficking, which he strongly denies. After years of indifference to narcotics control, Paraguay in 1988 took several significant steps to improve its performance: it signed two narcotics agreements with the United States, including one providing for aerial spraying of marijuana, it adopted tough new legislation on narcotics, and it permitted DEA to open an office in Paraguay. While the GOP authorities made several significant seizures of drugs in 1988, an important measure of the new government's commitment will be its performance in anti-narcotics matters.

Peru conducted a vigorous manual eradication program in 1988 which destroyed more than 5,130 hectares of coca in four months and, for the first time in any Andean country, eliminated more coca than was planted. Peru also continued to test herbicides which could be used aerially against coca. Peru remains the largest cultivator of coca, at more than 115,630 hectares, but is primarily a supplier of paste for Colombian cocaine refiners. Enforcement in the Upper Huallaga Valley, the major growing zone, remains quite hazardous. The United States increased its support for interdiction and enforcement efforts, expanding the INM airwing contingent in Peru to nine helicopters, while also expanding the force of DEA agents who assist the enforcement effort.

The Philippines exports locally grown and Thai marijuana and is also a transit point for

Golden Triangle heroin and South American cocaine smuggled into Guam, Australia, Europe and the United States. Foreigners are still principals in the trade but Filipino groups have also emerged. Filipino police conducted more than 1,000 narcotics raids in 1988, and made important seizures and arrests, but the enforcement effort, which the U.S. assists, is hampered by budget and structural restraints.

Senegal is primarily concerned with an expanding domestic drug problem, but some trafficking in narcotics is occurring, which has prompted increased police action.

Singapore, which is a transshipment point for Southeast Asian heroin, and has high potential for money laundering, cooperates with U.S. officials in monitoring and intercepting international drug traffic. Singapore officials are especially worried about domestic drug use.

Syria is a transit point for illicit narcotics, as well as a heroin refining center. Its military exerts significant influence over Lebanon's Bekaa Valley, allegedly profiting from widespread drug production and trafficking in that area. For these reasons, the U.S. twice denied certification to Syria. However, after a break of more than two years, limited discussions have begun on possible narcotics cooperation, and assistance to Syria on demand reduction/prevention.

Thailand has reduced opium cultivation to about 28 metric tons, but remains significant

as a refiner of heroin and conduit for opium/heroin from other sources in the Golden Triangle. High quality Thai marijuana is exported to the U.S. and other markets and there is also an active trade in precursor chemicals. The Royal Thai Government counters these efforts with a vigorous enforcement program that doubled heroin seizures in 1988, while also seizing increased amounts of opium, morphine and marijuana. Thailand is also an important money flow country.

Turkey Traffickers take advantage of this land bridge between Asian producers and European/US consumers to smuggle heroin and hashish. Some heroin is also refined in Turkey. There are reports of increased heroin/morphine smuggling across the Iranian frontier into Turkey. Authorities dramatically increased seizures in 1988, and successfully targeted several smuggling operations. Turkey produces concentrate of poppy straw, and continues to be very effective in preventing diversion from its licit program.

Venezuela is an important point for the transit of precursor chemicals and cocaine. Marijuana is cultivated along the border with Colombia, apparently by Colombian traffickers; as much as 3,000 metric tons of cannabis may be grown in Venezuela and exported via Colombia.

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## The Road Ahead: The 1989/90 Agenda

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Many lessons about the overall effectiveness of our international narcotics control programs were learned during 1988. More than ever we understand that persistence and flexibility are crucial to the long-term success of eradication and interdiction programs. Eradication success will not be measured in a single growing season or even two; the true measure of effectiveness in eradication is the unwillingness of farmers to replant once their crops have been destroyed. Interdiction success may also be less a function of the number of seizures reported, or laboratories hit than building institutional capabilities within host countries to attack all links in the drug chain.

One of the most important tasks ahead is to gain control of the cocaine situation through an integrated program of demand reduction at home, eradication and interdiction. We are at a crossroads in our cocaine strategy: while waiting for Andean Governments to launch wide scale coca eradication programs, the United States has had the opportunity to participate in enforcement operations which require paramilitary expertise, not traditionally resident in drug enforcement organizations. Should the U.S. continue to commit resources and personnel to operations in the Andean jungles? Are the right agencies being tasked to carry out these missions?

Whatever decisions are made within the next year, one fact remains clear: we will have only limited success in battling cocaine until we forge a comprehensive, multifaceted strategy which recognizes that cocaine is not simply a law enforcement issue but is also a complex foreign policy and economic matter, requiring a long-term approach.

Our international strategy, reported in detail in last year's report, calls for us to explore the possibility of creating a "Superfund" to provide economic incentives to nations cooperating with the United States in narcotics control. We stated that such a fund could contain as much as \$300 million dollars to be granted to cooperative governments in an effort to bolster their legitimate economies and thus compete against the influence of billions of narcodollars. While such a fund may be considered expensive at a time of limited resources, it is a small amount compared to the huge profits generated by the international drug trade. We also need to explore ways to use the

issue of third world debt as a lever in gaining cooperation on drug control issues.

The Omnibus Drug legislation of 1988 suggests several actions in the area of international narcotics control including exploration of a multilateral 'strike force', convening a Western hemispheric summit on drugs and the creation of an international cocaine strategy. The Department of State will review these suggestions during the coming year.

Our focus will not be exclusively on cocaine; INM will continue to support Asian and Mexican opium eradication programs to capitalize on opportunities for containing expansion. We understand that our efforts to reduce the world's supply of opium will be frustrated by a lack of access to some major opium producers. Marijuana eradication will also remain a priority during 1989, and we will continue to urge countries not currently employing herbicides in their campaigns to do so.

During the next year INM intends to support program goals around the world in the following ways:

### Latin America and the Caribbean

Mexico must expand and intensify its poppy and cannabis eradication programs, using aerial surveys to compare pre- and post-eradication totals to verify the destruction of crops. An improved Operation Vanguard should be resumed next year. We will continue working with the Government of Mexico on the issue of corruption. Mexico is capable of improving its eradication campaign and could achieve the same successful results as they did in the 1970's; improvements must be made by increasing aircraft utilization rates and alleviating current pilot shortages. Cocaine interdiction efforts could also be improved. Increased funding is requested in the FY 90 budget to cover costs of maintenance support for the Mexican eradication fleet aerial survey efforts.

Bolivia must gain control of coca expansion by ensuring that the recently passed anti-narcotics law is upheld and the involuntary eradication program is vigorously administered. The Government of Bolivia must also intensify interdiction activities to further disrupt cocaine processing and encourage farmers to seek other livelihoods as a result of

shrinking coca markets. Funding in FY 90 will be used for both interdiction and eradication; special emphasis will be placed on infrastructure support to host-government field units.

Peru needs to expand eradication through use of herbicides where appropriate in its anti-coca campaign. By working closely with the international environmental community, Peru can gain significant support for actions which will ameliorate trafficker damage to the environment. Peruvian enforcement operations should also be intensified to interrupt cocaine processing in the field. FY 90 funds will support eradication and interdiction; security for field workers will remain a high priority, necessitating greater protection from all components of the Peruvian Government.

Colombia's judicial system has suffered significant violence at the hands of major trafficking organizations; that nation must address problems in its system and take necessary steps which will enable them to bring traffickers to justice. The continuing expansion of Colombia's coca crop is troubling, and needs to be checked, preferably with an aerial eradication campaign. New marijuana plantations must be destroyed, again through aerial means. In FY 90, program funds will be used to support anti-narcotics police enforcement efforts throughout the country to destroy cocaine processing laboratories, to interdict cocaine and build upon the existing aerial campaign to eliminate cannabis entirely. Funds will also be used to support aerial eradication of coca, should that occur.

Jamaica has kept down marijuana production and should continue to do so through repeated eradication campaigns. The U.S. Government looks forward to working with the government of newly elected Prime Minister Michael Manley, building on recent progress in eradication and enforcement. Trafficking networks must be dismantled and traffickers brought to justice. Jamaica also needs to launch a comprehensive drug prevention program aimed at preventing an increase in cocaine abuse. Aerial eradication is a priority for FY 90, and funds will be used to provide aircraft support for eradication and interdiction, maximizing the efficiency of Jamaica's programs.

The Bahamas should seek ways to undertake more independent interdiction activities, and complement current U.S.-supported operations. OPBAT is working well and the Baha-

mian experience can be valuable to other Caribbean countries plagued by drug trafficking. Drug-related corruption continues to be a major concern. FY 90 funds will continue in support of enforcement operations.

INM's Latin American regional funding will be dedicated to the containment of cocaine and marijuana production and trafficking in the region. By supporting eradication campaigns in Belize and other marijuana production countries, worldwide cannabis supplies will be reduced. FY 90 funds will be used to support eradication and interdiction in Venezuela. Brazil's continuing efforts to eliminate coca and marijuana production and cocaine trafficking will be supported. We will also look carefully at opium production in Guatemala during the next year and will support eradication there. In countries such as Paraguay, Uruguay, Argentina, Chile, Haiti, Honduras, and the Dominican Republic INM will seek ways to support enforcement operations, upgrade the enforcement capabilities of police, and support regional enforcement activities.

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#### Asia and Africa

INM will continue to work with Asian Governments, where possible, to check opium expansion and drug abuse. Central to our program is the use of herbicides to destroy narcotic crops, and Asian governments will be urged to employ them in eradication campaigns.

Continued discussions with Laos, most recently in January, 1989, have identified areas of potential bilateral cooperation. Bilateral programs in training and narcotics crop control are currently in the planning stages.

Further reductions in Thailand's opium crop will be supported, as well as eradication of their marijuana supplies, with FY 90 funding; funds will also be used for interdiction programs to eliminate heroin trafficking.

Funds have temporarily been suspended to Burma; we will continue to watch that political situation closely, waiting for an opportunity to revitalize the opium eradication campaign. If and when assistance flows, FY 90 funds will be provided to continue operations aimed against opium producers and heroin traffickers, supporting ongoing programs to maintain and repair rotary and fixed-wing aircraft previously supplied to the Burma Air Force.

Pakistan's opium crop must be reduced significantly, and we are urging that Government to make use of aerial application of herbicides to do so. Pakistan's new leaders must enforce the opium ban and must redouble efforts to dismantle heroin trafficking networks, destroy laboratories and arrest, try and convict major traffickers. FY 90 funding will support the extension of Pakistan's ban on opium poppy cultivation to the Bajaur and Mohmand regions by introducing improved agricultural crops and by providing alternative sources of income through an integrated rural development plan which includes roads, schools, wells and rural electrification. Funds have also been included in the FY 90 budget for Afghanistan in the event that by late 1990 the political situation might permit negotiation of bilateral crop control efforts.

We will continue to support small-scale enforcement programs in Turkey and in African countries in an effort to reduce heroin supplies coming to the United States.

#### **Global Support**

**Interregional Aviation Support.** During 1989, interregional aviation support will become increasingly important as Latin American governments intensify eradication and enforcement operations. Airwing assets will be used in Colombia and other countries to eradicate marijuana, and in Guatemala for opium and marijuana eradication. In Peru aircraft will continue to transport eradication workers and equipment and will be used in enforcement operations. In Bolivia assets will continue to be used in interdiction activities. In FY 1990, the program will support the overall maintenance, hangaring, and operational costs for 54 Department-owned aircraft used in aerial and manual eradication, interdiction operations, and survey and logistical support activities. The principal focus will continue to be in the source countries of Peru, Bolivia and Colombia, as well as smaller efforts in Jamaica, Guatemala and Belize, in accordance with INM's airwing strategy.

**Interregional Training/Demand Reduction.** During 1989, INM funds will be used to train foreign officials in a variety of law enforcement techniques. Two foreign journalist workshops, sponsored by Voice of America, are scheduled, and INM money is being used to fund the start up of USIA's International Narcotics Information Network (ININ) which will

provide U.S. Embassies with direct information links to Washington to facilitate the sharing of public information on drug abuse, trends, policies and U.S. and international anti-drug efforts. Public awareness training courses are also scheduled for host country prevention experts. During FY 90, the Department will provide expanded U.S. Drug Enforcement Administration and U.S. Customs Service training for approximately 2,200 foreign officials from 55-60 countries. Increased emphasis will be placed on other Department of State sponsored programs, e.g., maritime interdiction training and narcotic detector dog training.

The Department's centrally-managed public diplomacy and demand reduction program contributes to international narcotics control by mobilizing support for narcotics control policies and programs in key producing and transiting countries. These projects encourage greater political and public awareness of the link between domestic drug abuse, international trends in production and trafficking, and the steps which societies and governments can take to control the drugs. The program also provides technical assistance in the areas of drug abuse prevention, treatment and related research to help countries such as Pakistan, Ecuador and Bolivia deal with their domestic drug abuse problems.

**International Organizations.** In 1989, the Department of State will support ongoing activities of the United Nations Fund for Drug Abuse Control (UNFDAC), the OAS, ASEAN and the Colombo Plan. The FY 1990 budget will provide expanded funding for the United Nations drug control agencies, including the United Nations Fund for Drug Abuse Control (UNFDAC), the Colombo Plan's efforts for regional narcotics control activities, and other drug programs undertaken under the auspices of other international organizations such as the Organization of American States (OAS) and the Pan American Health Organization (PAHO).

**Program Development and Support.** Finally the FY 1989-90 budget provides funds for technical and administrative support for the overall international narcotics program which is not otherwise tied to bilateral projects or specific inter-regional activities. This budget provides funding for Washington-based personnel costs, program development and evaluation, special studies and administrative costs of the bureau.

FY 1990  
International Narcotics Control Program  
Fiscal Summary  
(\$ in thousands)

<u>COUNTRY PROGRAM</u>	<u>FY 1988 Enacted</u>	<u>FY 1989 Estimate</u>	<u>FY 1990 Request</u>
<u>LATIN AMERICA</u>			
Bolivia	\$15,000 1/	\$10,000	9,200
Brazil	2,340	200	1,900
Colombia	9,767	10,000	10,000
Ecuador	1,000	1,000	1,400
Jamaica	1,900	1,000	1,900
Mexico	14,500	15,000	15,000
Peru	7,500	10,000	10,000
Venezuela	—	700	1,000
Latin America Regional	7,000	7,000 2/	7,000
subtotal	59,007	54,900	57,400
<u>EAST ASIA</u>			
Burma	5,000	3,000	7,500
Thailand	3,935	3,900	3,500
subtotal	8,935	6,900	11,000
<u>SOUTHWEST ASIA</u>			
Pakistan	5,075	5,300	5,700
Turkey	350	350	350
Asia/Africa Regional	369	450	450
subtotal	5,794	6,100	6,500
<u>INTERREGIONAL AVIATION SUPPORT</u>	13,414	22,700	28,000
<u>TOTAL COUNTRY PROGRAMS</u>	87,150	90,600	102,900
<u>INTERNATIONAL ORGANIZATIONS</u>	3,100	1,100	3,100
<u>INTERREGIONAL TRAINING and DEMAND REDUCTION</u>	5,200	6,000	5,500
<u>PROGRAM DEVELOPMENT AND SUPPORT</u>	3,300	3,300	3,500
<u>TOTAL INM PROGRAM</u>	\$98,750	\$101,000	\$115,000

1/ The \$15 million program budget for Bolivia was earmarked by Congress in its FY 1988 Continuing Resolution.

2/ The FY 1989 Foreign Assistance Act earmarked \$7 million program budget for Latin America Regional.

INTERNATIONAL NARCOTICS CONTROL PROGRAM  
BY FUNCTIONAL ACTIVITY  
(\$000)

	<u>Enacted</u> <u>FY 1988</u>	<u>% of</u> <u>Total</u>	<u>Estimate</u> <u>FY 1989</u>	<u>% of</u> <u>Total</u>	<u>Request</u> <u>FY 1990</u>	<u>% of</u> <u>Total</u>
<u>CROP CONTROL/ERADICATION</u>	\$35,864	36	\$41,763	41	\$47,633	41
<u>ENFORCEMENT ASSISTANCE</u> <u>AND INTERDICTION</u>	41,364	42	37,082	37	42,412	37
<u>INCOME REPLACEMENT/</u> <u>DEVELOPMENT ASSISTANCE</u>	3,000	3	3,000	3	3,300	3
<u>INTERNATIONAL ORGANIZATIONS</u>	3,100	3	1,100	1	3,100	3
<u>INTERNATIONAL DRUG DEMAND</u> <u>REDUCTION</u>	1,525	2	2,925	3	2,825	2
<u>TRAINING</u>	4,550	5	4,500	5	4,500	4
<u>PROGRAM DEVELOPMENT AND</u> <u>SUPPORT</u>	<u>9,347</u>	<u>9</u>	<u>10,630</u>	<u>10</u>	<u>11,230</u>	<u>10</u>
TOTAL PROGRAM	\$98,750	100	\$101,000	100	\$115,000	100

# BOLIVIA

## A.1. Status of Illicit Narcotics Production and Trafficking

Bolivia is the world's second largest producer of coca, with an estimated 49,976 hectares under cultivation in 1988. Factoring for eradication, confiscation, and production losses, it is believed that 52,093 metric tons (mt) of dry leaf will be processed in 1989, with a potential yield of 106 mt of Cocaine Hydrochloride (HCL).

Excess production of cocaine products in the South America in the last few years has resulted in declining wholesale prices all along the cocaine cultivation, processing, and distribution chain. This phenomenon has caused many Bolivian trafficking organizations to integrate their operations vertically from paste buying through HCL processing stages. The larger organizations now concentrate on base/HCL production and trafficking, where markups and profits tend to be higher, and depend on peasants and intermediaries to handle the less profitable paste production. Major Bolivian organizations now distribute some of their final product to the European market via Argentina, Brazil and Paraguay while continuing to supply wholesale quantities of cocaine on a much larger scale to U.S. markets in consort with Colombian buyers and distributors, sometimes routing their wares via Mexico.

Nearly 30 percent of Bolivia's coca is grown in the Yungas area of La Paz department. Most of the Yungas crop is used to satisfy legal, internal demand for mastication and tea. Some 300,000 Bolivians are believed to consume a total of 10,000 mt of dry leaf a year. Two-thirds of Bolivia's coca is grown in the Chapare area of Cochabamba Department; an additional 2,000 hectares may be scattered throughout the Apolo sector of northern La Paz department and portions of Santa Cruz and Tarija departments. Almost all of this cultivation is destined for illicit processing into paste, base and ultimately cocaine HCL.

According to the Coca Reduction Agency (DIRECO), some 37,000 peasants cultivate coca in the Chapare Region. Although these peasants are independent owners/planters, most are members of unions, organizations which strongly influence the economic, political and social fabric of the Chapare peasants' life. The structures are key building blocks in securing a successful voluntary eradication program. Chapare peasants harvest their fields about four times a year; leaves are then dried and usually sold in 100-pound units called *cargas*, the price of which, according to DIRECO, fluctuated radically throughout 1988, ranging from 25 to 120 U.S. dollars. This is in stark contrast to profits of a thousand percent or more associated with \$200/*carga* pre- "Blast Furnace" prices in 1986 or peak prices of \$600-\$800/*carga* in 1984/1985.

Approximately 30 Bolivian cocaine trafficking organizations buy nearly all the coca paste produced in the Chapare. Five are "broker" organizations that buy paste for resale and make no attempt to further process it. The other 25 organizations buy paste and process it within their own organization to produce cocaine base or cocaine HCL. The poorly financed trafficking organizations fund as much as 80 percent of their paste purchases on credit from peasant producers and/or intermediaries. Since Bolivian trafficking organizations buy so much of their paste on credit and, in turn, often "front" the resulting base/HCL product to Colombians, they and the entire cultivator/producer chain in Bolivia are in theory vulnerable to major seizures throughout the international processing/distribution network.

Essential chemicals such as acetone and ether are smuggled across Bolivia's borders with Argentina, Brazil, Chile, Peru, and Paraguay. Often, because of their weight and volume, they are transported by road or by river networks. Paste, base, and HCL are usually moved by air because of their high value-to-weight ratio.



## A.2 Accomplishments in 1988

In keeping with the joint U.S.-Bolivian agreement executed in 1987, Bolivia passed a controversial and comprehensive narcotics law and achieved its 1,800-hectare coca reduction goal two months early. Some involuntary eradication was begun, and seizures of controlled substances, processing facilities, and trafficker assets were up in most categories. At the same time, however, cultivation expanded by more than 20 percent, despite eradication efforts. Total cultivation after eradication in 1988 was estimated to be 48,500 hectares, compared to 39,258 hectares in 1987.

The Narcotics Police (UMOPAR) now have a defined and more efficient structure. Most UMOPAR personnel have completed formal basic training and facilities have been upgraded. The narcotics aviation task force has flown over 4,000 rotary wing (RW) hours without accident. The Riverine Program, problematic throughout the year, appears back on track with the GOB's appointment of a new, highly professional navy commander in December.

The Coca Reduction Agency (DIRECO) matured into a professional field force in 1988, expanding from 15 to 35 three-person teams and spreading their activity beyond the Chapare by placing four teams in the Yungas and six in Santa Cruz Department. Coca reduction is taking place in all three regions. Some 1,476 hectares of coca were eradicated in 1988, a 42 percent increase over 1987 activity. Cumulative reduction totalled 2,518 hectares since September 1987 when the voluntary program began. Only 200 hectares were destroyed in 1986. Independent random checks by U.S. personnel of more than two dozen peasant participants throughout the year confirmed that field measurements were correct, that there were no signs of regrowth or seedbeds, and that farmers had been properly compensated.

GOB coca reduction on a monthly basis has been erratic, varying from zero to over 400 hectares. While the Bolivian Government has demonstrated a capacity to eradicate coca plants at the rate of 400 per month, this will not be sufficient to attain 1989 goals. Monthly fluctuations in eradication during 1988 are attributable to various factors such as irregular flow of funds, trafficker-fomented violence, and prices kept artificially high by traffickers.

The GOB also began involuntary eradication of seedbeds in the Chapare in accordance with Article 31 of the new coca law even before issuance of implementing regulations, destroying 422 square meters of seedbeds. By year's end, 828 square meters had been destroyed.

Seizures of most controlled substances, processing facilities, and trafficker assets increased substantially above 1987 levels. These seizure statistics represent reporting received by the U.S. Embassy from many different sources including: DIRECO, UMOPAR, DEA, and the U.S. Border Patrol. Many of these seized assets were used in support of Bolivia's anti-narcotics program, including two Cessna 206's impounded at a clandestine strip in the Chapare late in the year. These aircraft have been integrated into the Aviation Task Force, and, as of January 1989, have flown over 50 hours of reconnaissance in the Beni in advance of helicopter assaults. In addition, a seized ranch, Primavera, about 120 km north of Trinidad has been turned into a forward operating base for use by the UMOPAR.

Total arrests in 1988 fell 44 percent behind those of 1987, but arrest quality improved considerably. Roberto Suarez, Bolivia's cocaine "godfather," was arrested in late July. Having been convicted and sentenced to concurrent 12 and 15 year terms in Bolivia, he remains in prison in La Paz. The heads of four of Bolivia's five major independent paste-buying organizations were also arrested during the last half of the year.

In an effort to reduce opportunity for corruption, UMOPAR's performance has been improved. Extensive training was provided in 1988. Of 360 personnel who completed a basic tactics course, 320 had advanced tactics training, 22 completed the non-commissioned officer's (NCO) course, and 27 officers graduated from a demanding 52-day officers' course. For the first time, UMOPAR has a rigid table of organization and equipment establishing its authorized strength at 640 personnel. Significantly, the ratio of officers to men—a traditional problem—was cut dramatically, and the grade structure was lowered.

The Red Devils are the Bolivian Air Force (BAF) task force assigned an exclusive narcotics mission under operational control of the Special Force for the Fight against Narcotics Trafficking of the Ministry of Interior. They

flew 2,291 helicopter hours in 1988 (37 percent more than 1987) without an accident, extending their perfect safety record to about 4,000 hours since their inception in early 1987. Aircraft availability in 1988 averaged 67 percent, quite high considering that the fleet consists of Vietnam era UH-1H helicopters. Two rebuilt UH-1Hs were added to the fleet in November, for a total force of eight.

Largely as a result of lack of Bolivian Navy cooperation, the U.S.-supported riverine program was non-productive in 1988. After a serious incident in Guayaramerin on October 25, program support was suspended. The GOB has since replaced the officer in question. Prospects for 1989 appear brighter.

### A.3. Plans, Programs, Timetables — 1989

The purpose of the Bolivian anti-narcotics program is to reduce the availability of illicit cocaine products and to stem their flow into the United States and other world markets. The program seeks a combination of interdiction, coca reduction, disruption of the narcotics trafficking community, institution building, and public diplomacy.

The legislature passed a tough coca law (Law 1008 and implementing regulations in Executive Decree 22099). This legislation establishes legal coca requirements, declares cultivation illegal in most of the country, defines the Chapare as a transition zone, and calls for reduction at a rate of 5,000 to 8,000 hectares a year. DIRECO activity must be expanded; at least 10 more three-person teams must be formed. Additional functions must be developed to document, prevent and destroy new cultivation outside traditional zones. The Department of State in January 1989 certified (on behalf of the President) that Bolivia has implemented its coca legislation in compliance with Section 4302 (a) of the Anti-Drug Abuse Act of 1988.

UMOPAR is the principal action arm for interdiction. A force of 640 personnel properly equipped, trained and led and, when deployed with adequate air mobility, is believed to be sufficient for 1989 activities. Air mobility is essential. The BAF's cooperation to date has been exemplary. The U.S. intends to continue to foster the air unit's professional develop-

ment. Eight aging helicopters, with the attendant maintenance problems associated with rotary-wing operations, are insufficient given the geographic dimensions of the task.

The U.S. Government intends to revitalize the Riverine Program in view of the GOB's efforts to improve its performance. A new operational plan has been developed with the Bolivian Ministry of Defense and Navy for deployment of five "piranha" patrol boats already on the rivers.

Public diplomacy is an important feature of the overall Bolivian program. USIS, AID and other mission elements will work closely with their GOB counterparts and a select group of demand reduction specialists, comprised of ministry and sub-ministry level officials that represent many agencies involved in GOB narcotics matters, to ensure that public opinion makers, and GOB policy-level personnel realize that narcotics trafficking is a worldwide problem and detrimental to the well being of the Bolivian people.

### A.4. Adequacy of Legal and Law Enforcement Measures

With regard to Section 2013 of P.L. 99-570, the Government of Bolivia does not as a matter of government policy encourage or facilitate the production or distribution of illicit drugs. No senior official has been indicted for narcotics-related corruption. Nonetheless, drug related corruption has sometimes frustrated efforts to bring traffickers to justice. This appears to have been the case in April 1988, when a Santa Cruz court dismissed charges against 16 Bolivians in a cocaine-related murder case, and again in August when an associate of drug "kingpin" Jorge Roca Suarez was released from jail. A nationally broadcast videotape showed several politicians and a retired general fraternizing with a major trafficker.

At the same time the Government of Bolivia has taken measures to curb corruption. In an unusual move, an Army General and four officers were arrested for setting up a roadblock to tax traffickers using the road for transportation of illicit narcotics. In December, President Paz retired several senior naval officers who were widely believed to have been cooperating with narco-traffickers.

Bolivia is in compliance with the provisions of the Chile Amendment. A bilateral narcotics agreement with Bolivia has been in effect since February 1987, and was renewed on December 23, 1988. Bolivia and the United States are considering the possibility of a new bilateral extradition treaty to replace the existing treaty, which dates from 1900.

On July 22, 1988, Bolivia published a comprehensive narcotics law (Law 1006) on coca and controlled substances. For the first time in Bolivia's history coca cultivation has been declared illegal for most of the country. Implementing regulations were promulgated in December. Key features include limiting legal coca cultivation to 12,000 hectares in La Paz Department and part of Cochabamba, a commitment to reduce excess coca by 5,000 to 8,000 hectares a year in the Chapare, stiff penalties for corrupt public officials and other drug trafficking offenders, confiscations of land where illicit cultivation and processing take place, forfeiture of assets and establishment of special courts to try narcotics offenses.

The law also confirms previous decrees which set up a cabinet-level National Drug Council reporting to the President of the Republic. On the negative side, the law prohibits the use of herbicides for use in coca eradication, a measure which significantly limits effective large-scale elimination of coca cultivation.

During Fiscal Year 1988, U.S. Government agencies worked with Bolivia to minimize the availability of cocaine and disrupt the flow to the United States. DEA advised on interdiction operations and U.S. Border Patrol personnel support highway interdiction operations in an effort to control access to the Chapare. In 1989, the U.S. Coast Guard personnel will provide on the job training and on-scene technical assistance to Bolivian Navy and UMOPAR riverine forces.

The Bolivian Government has provided, and it is expected that they will continue to provide, 75 air force pilots and maintenance personnel for the helicopters utilized for interdiction operations, and the two seized Cessna 206's. The Ministry of Interior has committed 640 UMOPAR agents to work in concert with DEA agents in support of interdiction operations both in the Chapare and Trinidad. For the past couple of years, six Bolivian prosecutors have been assigned to work with DEA/UMOPAR agents and actually go on the

operations to authorize destruction and seizure orders. The Bolivian Navy also has committed about 50 personnel to operate a riverine interdiction task force.

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### A.5. Drug Abuse, Rehabilitation and Treatment

While there are no conclusive data on drug abuse in Bolivia, the NAU-funded Narcotics Awareness Group "CESE" (Educational Campaign Against Drugs), has found evidence of drug use among youth, a high-risk group.

The GOB has formed CONAPRE, a nationwide prevention and education entity with affiliates in each of the country's departments. CESE has worked closely with CONAPRE personnel in human resource training and the development of prevention and educational materials, which CONAPRE has accepted for use in the Bolivian school system.

Rehabilitation programs for addicts in Bolivia scarcely exist, due to budget constraints. The Ministry of Health has plans to make use of five existing buildings to build up a program to treat addicts in the major cities.

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### B.1. Nature of Illicit Drug Production

Bolivia is the world's second largest producer of coca, with an estimated 49,976 hectares under cultivation in 1988, and an anticipated gross cultivation of 54,296 hectares in 1989 nationwide. Factoring for eradication, confiscation, and production losses, it is estimated that 52,093 metric tons (mt) of dry leaf will be processed in 1989, capable of yielding an estimated 105 mt of Cocaine Hydrochloride (HCL), comparable to the 104 metric tons which could have been produced in 1988.

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### B.2. Factors Affecting Production

Growing demand for cocaine in the United States and European markets, coupled with

unstable political and economic conditions in Bolivia helped generate a "coca boom" in Bolivia during the early and mid 1980's. The return of democracy and President Paz' economic reforms have restored stability, possibly laying the foundation for alternative programs for coca farmers.

More important, however, has been a dramatic fall in dry leaf prices from a high of \$600 to \$800 per hundred weight (carga) in the Chapare during 1984 and 1985 to a brief low of \$10 during Operation Blast Furnace in late 1986. Prices had been relatively stable throughout 1987; peasants no longer enjoy the assured high profit margins to which so many had been accustomed in the early years. This was particularly true in 1988 when prices varied, radically, from \$25 to \$120 per carga. Costs of cultivation are estimated at \$30 per carga.

### B.3. Maximum Achievable Reduction

While improved interdiction should result in larger seizures, long-term reductions in cocaine output can only be achieved through a net reduction in the coca crop's size. Since herbicidal eradication has been outlawed in Bolivia, crop control means voluntary, manual eradication, accompanied by a viable crop substitution/alternative development program. Coca growers appear amenable to alternative development when coca leaf prices are low due to various factors directly related to narcotics trafficking. Many Chapare growers already engage in legitimate agricultural activity. Each hectare voluntarily eradicated removes potentially three kilos of cocaine HCL from production annually.

U.S. officials in La Paz believe a minimum of 5,000 hectares of coca could be voluntarily

eradicated and verified by the end of CY 1989. Several USAID financed programs will come on line in 1989, including new credit arrangements, relaxed rules for community support packages, and expanded alternative crop availability, all of which should make the alternative development package and related coca reduction more attractive. Achievement of this goal requires the decisive commitment of GOB policy makers to coca eradication, the continued involvement of key sub-ministerial level officials in carrying out an eradication program, an effective interdiction program, and containment of trafficker counter-action.

### B.4. Methodology for Estimates

One hectare yields 1.4 metric ton dry leaf/year. 110 kilograms dry leaf yield 1 kilo of coca paste. 4 kg paste yield 1 kg cocaine base. 1.1 kg base yields 1 kg cocaine HCL. Approximately 500 kilos of dry leaf equal 1 kilo of HCL. Total hectareage under cultivation in 1988 was 49,976 hectares, as follows:

	Hectares	Percent
Chapare	32,776	(65.5)
Yungas	14,200	(28.5)
Santa Cruz	2,000	(4.0)
Apolo	1,000	(2.0)

DIRECO estimates that both hectareage under cultivation and leaf yield might be higher than those figures reflected above. The 49,976 hectare estimate is predicated on an analysis of high-quality imagery and represents the most structured approach in collecting data. The U.S. Mission, in cooperation with the BAF and UNFDAC, collected extensive imagery in both the Chapare and Yungas cultivation zones during dry season, late 1988.

### C.1. Statistical Tables

A. SUMMARY TABLES for CY		1990 est.	1989 est.	1988	1987	1986	1985
COCA							
Cultivation	[ha]		54,296	49,976	40,300	37,000	34,000
Eradication	[ha]		5,000	1,476	1,042	200	30
Harvested	[ha]		49,296	48,500	39,258	36,800	33,970

A. SUMMARY TABLES for CY		1990 est.	1989 est.	1988	1987	1986	1985
Leaf							
Harvested	[mt]		69,014	67,900	54,961	51,520	47,558
Loss Factor	[mt]		6,901	6,790	5,496	5,152	4,756
Seized	[mt]		20	17	15	-	-
Consumed	[mt]		10,000	10,000	10,000	10,000	10,000
Avail. for conversion	[mt]		52,093	51,093	39,450	36,368	32,802
Paste							
Avail. for conversion	[mt]		474	464	359	331	298
Seized	[mt]		10	7	4	6	2
Consumed	[mt]		-	-	-	-	-
Avail. for refining	[mt]		484	457	355	325	296
Exported	[mt]		-	-	-	-	-
Base							
Avail. for conversion	[mt]		121	114	89	81	74
Consumed	[mt]		-	-	-	-	-
Exported	[mt]		-	-	-	-	-
HCL							
Produced	[mt]		105	104	80	73	67
Consumed	[mt]		-	-	-	-	-
Exported	[mt]		-	-	-	-	-
B. DATA TABLES for CY		1990 est.	1989 est.	1988	1987	1986	1985
Cultivation (Gross)							
Coca leaf	[ha]		49,296	49,976	40,300	36,800	33,970
Potential Prod (Gross)							
Coca leaf	[mt]		69,014	67,900	54,961	51,800	47,600
Hectares Eradicated							
Coca leaf	[ha]		5,000	1,476	1,042	200	30
Crops Eradicated							
Coca leaf	[mt]		7,000	2,066	1,459	280	42
Net Cultivation							
Coca leaf	[ha]		49,200	48,500	39,258	36,800	33,970
Net Production							
Coca leaf	[mt]		69,014	67,900	54,961	51,520	47,558
Refining							
Cocaine HCL	[mt]		105	104	80	73	67
Cocaine Base	[mt]		116	114	89	81	74
Seizures							
Coca leaf	[mt]		-	17.00	15.00	-	-
Coca paste	[mt]		-	8.16	4.28	-	-
Cocaine HCL	[mt]		-	0.21	0.15	-	-
Other Coca	[mt]		-	1.34	2.00	-	-
Arrests			500	509	904	981	-
Labs Destroyed							
Cocaine HCL			35	24	8	22	-
Domestic Consumption							
Coca leaf	[mt]		10,000	10,000	10,000	10,000	10,000

# COLOMBIA

## A.1. Status of Illicit Narcotics Production and Trafficking

Despite the strong efforts of the government to control illegal traffic in narcotics, Colombia retained its leading role in narcotics trafficking in the Americas in 1988. Colombia is a major grower of both marijuana and coca; illegal laboratories in Colombia produce most of the world's cocaine supply, and Colombian trafficking organizations dominate drug traffic throughout the region. The ability of the traffickers to resist the government's efforts to control them is an indication of the power they amassed before the government and the people recognized the threat the traffickers pose to society. It stands as a warning to any country with an emerging narcotics problem of the price of neglect.

Colombia's most important role in the cocaine trade is the conversion of cocaine base to cocaine hydrochloride (HCL) and control of the pipeline of cocaine to the United States, and increasingly to Europe. Most of the cocaine processed in Colombia is derived from cocaine base originating in Peru and Bolivia. Colombian traffickers also add cocaine HCL refined in Bolivia to the Colombia cocaine pipeline.

Colombia is the third-largest grower of coca in the world. Estimates suggest that 27,230 hectares of coca (gross) were cultivated in 1988. The majority of coca is grown in the plains and jungle of the southeastern part of the country, areas where the Colombian government has never exercised much authority and are currently under control of leftist guerrillas who frequently cooperate with the traffickers.

The aerial herbicide spray program against cannabis in Colombia has been a success. In the area where it operates, the spray program has reduced the area under cultivation by 60 percent, and of the cannabis that is cultivated in that area, 90 percent is eradicated. As the program continues in the Sierra Nevada de Santa Marta and the Serranía de Perijá, cultivations in these traditional growing areas have been reduced, and some plots

have returned to licit agriculture. In 1988, most of the marijuana produced in Colombia was grown in what were formerly considered secondary growing areas; Cauca and the San Lucas Mountains in Bolívar were the major producing areas. Marijuana cultivation is also suspected in Valle, Narino, and Santander, but exact locations and quantities have not been verified.

After the eradication of 5,012 hectares, net cultivation of cannabis in 1988 is estimated at 5,388 hectares yielding 7,776 metric tons of marijuana, compared to a mid-range estimate of 5,697 metric tons in 1987. The uncertainty about this figure is caused by conflicting data on yields. U.S. officials have been advised that double-cropping is occurring in several areas, north and south, and that the hybrid marijuana plants cultivated in Cauca may yield 3.5 metric tons per hectare, as compared to 1.1 metric tons in traditional growing areas. Two crops a year have been affirmed for Cauca. These variables are being studied for the 1989 estimate. Additionally, marijuana cultivated in Venezuela on the eastern slopes of the Perijá Mountains is believed to be hauled over the mountains to Colombia and becomes part of the Colombian marijuana pipeline.

The United States is the major consumer of Colombian marijuana.

Colombian traffickers are now converting marijuana to hashish and hashish oil, a new trend in the last few years. Seven hashish/hashish oil laboratories and a total of 1,842 kilograms of hashish were seized in 1988. Colombian marijuana traffickers are moving into the hashish and hashish oil market because it is far more lucrative, and high bulk marijuana can be condensed for easier concealment and shipment.

There have been reports of opium cultivation and heroin production in Colombia for ten years. In the past three years, these reports have increased, and a higher percentage have been verified, but Colombia is not a major producer of opium or heroin. Two small heroin/morphine laboratories and over 2 million opium poppy plants were located and de-

stroyed in 1988. Heroin production does not reach the threshold for designation of Colombia as a "producing country".

## A.2. Accomplishments in 1988

The National Police scored impressive victories during 1988 against large processing laboratories and marijuana cultivations. Led by new regional commanders with a mandate from President Barco to pursue traffickers, military units were also increasingly active against narcotics. The two forces have shown an increased willingness to cooperate on joint operations. Measures of accomplishment are up in almost every category.

Aerial spraying of herbicide on marijuana continues to be a strong weapon against cultivation and is proving effective as a deterrent against continued planting. In the traditional marijuana growing areas in northern Colombia where the National Police used aerial eradication in 1988, virtually all the marijuana crop was sprayed. A total of 4,162 hectares of marijuana were sprayed in 1988 by three Turbo-Thrush aircraft. Two were flown by American pilots contracted by the U.S. flying with Colombian co-pilots; the other was flown by National Police pilots.

Marijuana cultivation has shifted to previously minor growing areas where spraying has not yet begun. By late 1988, the National Police were beginning eradication operations in these areas as well. A ground operation in Cauca Department in southwestern Colombia manually eradicated about 860 hectares of the fall crop and seized 215 metric tons of bulk marijuana. The Cauca cultivations had yields per hectare that may be over three times as high as the Colombian national average and produced two crops a year. If confirmed at the higher levels, these yields would make Cauca the largest cannabis producing region in the country. U.S. officials believe a new country-wide survey and yield analysis are essential in 1989. Cultivation in Cauca may have been underestimated for some period of time. Clearly, the strong pattern of cultivation in San Lucas and Cauca compel a change in eradication strategy and logistics, changes which will be facilitated by such a survey.

Colombian police and military units seized 923 metric tons of harvested marijuana in 1988. The bulk of these seizures were made on the north coast, the traditional embarkation point for Colombian marijuana.

Police and military units eradicated 230 hectares of coca bushes in 1988. Most of this was done in conjunction with other activities; there was only one targeted coca eradication operation in 1988. Most coca grows in remote guerrilla-controlled areas where any eradication operation requires substantial military support. Manual coca eradication is laborious and the eradication workers must be protected in guerrilla areas. Any large-scale coca eradication campaign is likely to begin only after the government has authorized aerial spraying of coca. The government has not yet approved a herbicide as safe and effective for use against coca, and no herbicides are being used or tested against coca in Colombia.

1988 was a spectacular year for cocaine seizures. The Anti-narcotics Directorate of the National Police (DAN) seized over 14 metric tons of cocaine HCL and base, and police and military units together seized almost 23 metric tons of cocaine — the highest total since 1984 — and destroyed 29 major labs. In all, over 800 labs, including massive complexes in the Magdalena Medio, Guaviare, and Vichada, were destroyed. Large amounts of precursor chemicals were also destroyed in these raids, including 271,000 gallons of ether and 287,000 gallons of acetone.

Military and police units maintained pressure on the major traffickers and their organizations but failed to capture or prosecute a major trafficker in 1988. Led by a dynamic new commander, the 4th Army Brigade in Medellin harassed the Medellin Cartel's leaders with a campaign of raids, searches, and roadblocks, including a night raid on Pablo Escobar's ranch from which Escobar escaped in his underwear. These efforts show that the government continues to try to break up the cocaine cartels. A primary reason for the failure to prosecute is the failure of the judiciary to function effectively, because of the violence which has led to the death of many in the system of justice, and the intimidation of countless others.

### A.3. Plans, Programs and Timetables for 1989

The Colombian National Police intend to continue the same operations that they executed in 1988. Marijuana spraying will be extended to additional major cultivation areas. A C-123 transport from the INM's Air Wing will probably be deployed for several months to support National Police operations in remote parts of the country which they cannot reach with their own aircraft.

### A.4. Adequacy of Legal and Law Enforcement Measures

Colombian laws include adequate provisions covering nearly all aspects of narcotics trafficking. Actual enforcement of such laws, however, is severely hampered by the combined threats of bribery and intimidation from narcotics traffickers. In the present climate, it is virtually impossible to arrest and convict major drug traffickers or to significantly damage their organizations through the criminal justice system because it has been corrupted by a combination of threats and bribes from traffickers (known in Spanish as *plata o plomo*, "silver or lead") and is unable to detain or convict most narcotics suspects. Judicial action in some narcotics cases has improved since the corps of specialized narcotics judges were relieved of trying minor user cases, thus giving them more time to devote to the more important cases.

Eradication of marijuana, destruction of processing laboratories, interdiction of shipments, and capturing low-level traffickers continue to take place. However, the government's resources are insufficient to conduct operations powerful enough to shake the traffickers' entrenched position in society.

Primary responsibility for narcotics enforcement rests with the Anti-narcotics Directorate of the National Police. The DAN is commanded by a brigadier general and comprises about 2,000 men, divided into the Air Service, thirteen field companies, and an intelligence service. Most of the DAN's resources are devoted to conducting airmobile operations against cocaine labs and other interdiction targets. The Air Service plays a key role in these operations, transporting personnel and sup-

plies. The Air Service presently has sixteen helicopters and nineteen fixed-wing aircraft. These units are stretched to the limit, operating across a country the size of Texas, New Mexico, and Oklahoma combined.

Both conspiracy and asset forfeiture laws exist (and encompass drug trafficking crimes), but have limited utility because of the weakness of the courts and because so much trafficking activity occurs in remote or guerrilla-controlled areas beyond effective government control. The major legal changes made in the last year have been directed at the terrorist activities of the narcotics traffickers. Under these new laws, many of the threats and murders committed by narcotics traffickers can now be classified as terrorism and tried in courts of public order which were created under special decrees.

The CNP does seize assets, but not nearly to the extent that it could if there were a change in law or legal interpretation. The numerous farms, restaurants, and sport teams which are trafficker-owned or supported have not been touched. However, there have been recent efforts by investigative agencies to monitor bank accounts for movements of funds. The police have generally limited seizures to assets which are directly related to the criminal act, most notably vehicles, boats, and aircraft used to transport drugs. The law allows for the forfeiture of assets derived from narcotics offenses to be returned to the government for the anti-narcotics effort. In 1988, the CNP seized 17 aircraft, 258 vehicles, and 21 boats. The seizures are subject to an appeal procedure and recently the police have had to return some of the seized aircraft. We have no statistics on the total value of seized assets.

An extradition treaty between Colombia and the U.S. has been in force as a matter of international law since 1982. A June, 1987, Colombian Supreme Court decision, however, ruled that the legislation to implement the treaty in Colombia was unconstitutional due to certain technical defects. This had the practical result of voiding the treaty in Colombia. It is widely assumed that the ruling was influenced by traffickers' threats. Any further attempts to extradite Colombian nationals appear pointless and there are presently no prospects for enactment of implementing legislation. The U.S., however, is pursuing the possibility of extradition of a U.S. national trafficker on legal bases other than the 1982 treaty. Despite the Supreme Court ruling, the



government continues to recognize that it remains under obligation to bring the treaty into force, but has as yet found no way to do so. The most straightforward solution — enactment of new implementing legislation — seems unlikely inasmuch as many members of the Colombian legislature are subject to trafficker influence, intimidation and bribery.

Colombia is in compliance with the provisions of the Chile Amendment. A bilateral narcotics agreement with Colombia has been in effect since 1974.

Concerning the requirements of Section 2013 of P.L. 99-570, the government does not as a matter of policy encourage or facilitate the production or distribution of illegal drugs. No senior official has been indicted for narcotics-related corruption. However, there are indications that some prominent politicians are closely connected to the narcotics trade, and many judges have succumbed to bribes and threats from traffickers. The government is seeking to increase the professionalism of the judicial corps and is interested in measures which might help protect them.

### A.5. Domestic Drug Abuse

Colombia was once only an exporter of drugs, with its society relatively untouched by drug abuse, but there are indications that Colombia is now developing a substantial drug abuse problem.

While marijuana is the most widely used illegal drug in Colombia, *basuco* — smoked cocaine base, similar to crack — is more pernicious. *Basuco* is cheap, highly addictive, and contains toxic residues from the refining process that produce serious physical side effects. Cocaine use is also found among the upper class. Inhalants are a problem among the very young and poor.

Drug abuse is primarily an urban phenomenon; Medellin is said to have an especially high drug abuse level. A 1987 nationwide study found that 2 percent of the urban population use cocaine, *basuco*, or marijuana. A 1988 Bogota study indicated that 200,000 city residents and ten percent of persons in the 18-24 age group use illegal drugs. Subjective evidence indicates that these studies may seriously understate the level of drug abuse in Colombia.

There is a growing realization by Colombians of the dangers of drug consumption in their own society. The national government, local governments, private groups, schools, universities, and hospitals are increasing efforts to fight drug abuse. A national plan for drug abuse prevention has been in existence since 1985. Several ministries, including the Colombian Institute of Family Welfare and the Ministries of Education and Communication, are taking an increasingly active role in drug abuse prevention. There are a growing number of grass roots efforts centered in schools, community groups and private companies, as well as a growing interest by municipal governments. Many parents, teachers, social workers, and others still do not have ready access to information concerning the dangers of drug use.

### B.1-B.2. Nature of Illicit Drug Production and Factors Affecting Production

Most Colombians see that narcotics trafficking is a major threat to democracy and to the values they hold as a civil society. While most government leaders are determined to do all they can to fight this threat, they feel that their resources are limited, compared to those of the traffickers, and that they do not receive sufficient international support. The judicial system has tried to deal with traffickers, but after the murder of more than half the Supreme Court and some 50 other judges in recent years, it has been thoroughly intimidated.

Colombia continues to grow and export marijuana in large quantities. Most marijuana is grown in remote areas by small farmers who have no good alternatives for cash crops because of the difficulty in marketing them. In 1988, the National Police found some cultivations in developed agricultural areas in Cauca Department in southwestern Colombia which were extensively intercropped with licit crops. Because of this intercropping, aerial eradication was impossible and the National Police had to eradicate these cultivations manually. The Cauca cannabis reportedly had been planted with hybrid seeds which have the potential to triple the yield of native Colombian varieties.

Coca cultivation in Colombia is an offshoot of Colombian traffic in cocaine. Originally, Colombian laboratories produced cocaine entirely from cocaine base from Peru and Bolivia, but over the last ten years, substantial coca cultivation has developed in Colombia. Most coca is grown in remote areas of the jungle and plains of southeastern Colombia. Many of these areas are controlled by leftist guerrillas, who often protect or participate in the cultivation of coca. The growers are preponderantly small farmers who have little other opportunity for a cash crop, but they are organized and financed by middlemen who market their coca. Colombian coca leaf has an alkaloid content one third that of Peruvian leaf. The government believes that the area under cultivation is much smaller than U.S. estimates.

Cocaine continues to be the most lucrative narcotics export. Colombian laboratories continue to hold their long-established position as producers of most of the world's cocaine. The majority of the coca paste processed in Colombia is flown in from Peru and Bolivia. From the early to mid-1980's, most cocaine was produced in large laboratories in remote areas; for several years there had been signs that increased police raids on these laboratories were forcing the traffickers to disperse into smaller labs, but recent discoveries indicate traffickers may be returning to larger labs, now located on their home turf near Cali and Medellin.

Most trafficking organizations in Colombia are based on extended families. Many of the cocaine trafficking families are themselves grouped into powerful but loosely organized crime syndicates, usually given the misleading name of "cartels." In the last year, there have been reports of violent conflict between the Cali and Medellin cartels, but most often the traffickers direct their violence and economic power against those who stand in the way of their enterprise.

### **B.3. Maximum Achievable Reductions**

We estimate that the National Police will manually eradicate 250 hectares of coca in 1989. This is an amount similar to that eradicated in 1988 and will again be incidental to cocaine interdiction operations. A significant increase in this amount will be possible if the

government approves a herbicide for aerial spraying of coca and authorizes aerial eradication. The National Police will continue their successful operations against cocaine laboratories; we expect them to destroy 1,250 labs in 1989.

With increased air support, police will continue to eradicate 90 percent of the cannabis in the traditional growing areas and 75 percent in the newly discovered areas.

### **B.4. Methodology for Estimates**

Data available regarding narcotic cultivation and trafficking are not precise and often involve educated estimates, especially concerning cultivation. Eradication and seizure data are usually reliable. Seizure statistics are derived from monthly police and military reports. Yield data for both coca and cannabis represent a composite of information derived from limited field testing and interviews conducted over the years. Yield data used in tables below also incorporate acceptable levels of loss due to waste, weather, and inefficiency in the cultivation, harvesting, and processing phases of operations. The following standard conversion data are used throughout:

- Marijuana Nationwide: one hectare yields 10,000 plants; one hectare yields 1.1 metric tons of commercially-usable marijuana per crop with one crop per year.
- Marijuana Southwest Colombia: one hectare may yield 3.5 metric tons of marijuana per crop with two crops per year; U.S. officials are studying various yields for different sections of Colombia.
- Coca and Cocaine: One hectare yields 10,000 plants.
- Coca and Cocaine: One hectare yields 800 kilograms dry leaf annually.
- Coca and Cocaine: 500 kilograms dry leaf yields one kilo cocaine base.
- Coca and Cocaine: One hectare yields 1.6 kg base.
- Coca and Cocaine: 1.1 kilograms cocaine base yields one kilo cocaine HCL (1 hectare - 1.45 kg HCL).

## C.1. Statistical Tables

A. SUMMARY TABLES for CY		1990 est.	1989 est.	1988	1987	1986	1985
COCA							
Cultivation	[ha]		27,250	27,230	25,000	25,000	15,500
Eradication	[ha]		250	230	460	760	2,000
Harvested	[ha]		27,000	27,000	24,540	24,240	13,500
Leaf							
Harvested	[mt]		21,850	21,600	20,000	20,000	12,400
Base/HCL							
Produced	[mt]		36	36	35	35	20
CANNABIS							
Cultivation	[ha]		9,200	9,200	13,085	12,500	8,000
Eradication	[ha]		8,500	5,012 (a)	8,000	9,700	6,000
Harvested	[ha]		1,900 (c)	5,388	5,085	2,800	2,000
Yield	[mt]		2,090	7,776 (d)	5,595	3,080	2,200
B. DATA TABLES for CY		1990 est.	1989 est.	1988	1987	1986	1985
Cultivation (Gross)							
Coca leaf	[ha]		27,250	27,230	25,000	25,000	25,000
Cannabis	[ha]		9,200	9,200	13,085	12,500	8,000
Potential Prod (Gross)							
Coca leaf	[mt]		21,850	21,600	20,000	20,000	12,400
Cannabis	[mt]		10,120	10,120	14,390	13,750	11,000
Hectares Eradicated							
Coca leaf	[ha]		250	230	460	760	2,000
Cannabis	[ha]		8,500	5,012 (a)	8,000	9,700	6,000
Crops Eradicated							
Coca leaf	[mt]		200	184	370	610	1,600
Cannabis	[mt]		9,350	5,513 (b)	8,800	10,870	8,250
Net Cultivation							
Coca leaf	[ha]		27,000	27,000	24,540	24,240	13,500
Cannabis	[ha]		1,900 (c)	5,388	5,085	2,800	2,000
Net Production							
Coca leaf	[mt]		21,600	21,600	19,630	19,390	10,800
Cannabis (e)	[mt]		2,090	7,776 (d)	5,597	3,080	2,200
Refining							
Cocaine HCL	[mt]		36	36	36	35	20
Cocaine Base	[mt]		-	-	90	80	80
Seizures							
Cocaine	[mt]		25	23	8	4	9
Marijuana	[mt]		1,000	923	1,290	1,370	1,010
Hashish	[mt]		-	1.8	-	-	-
Labs Destroyed							
Hashish			-	2	-	-	-
Cocaine			1,250	831	1,357	550	653
Domestic Consumption							
Cocaine	[mt]		2	2	2	2	2
Marijuana	[mt]		2	2	2	2	2

B. DATA TABLES for CY	1990 est.	1989 est.	1988	1987	1986	1985
Users (thousands)						
Cocaine		650	650	650	650	650
Marijuana		700	700	700	700	700

(a). Projected as 90 percent eradication in traditional growing areas. If Cauca yield is as high as 3.5 mt/ha, the equivalent yield destroyed by eradication in 1988 would have been 7,607 mt and 13,660 mt in 1989.

(b). The eradication of 4,152 hectares in northern Colombia would have yielded 4,567 metric tons. The 860 hectares eradicated in the Cauca Department would have yielded 946 to 3,010 mt, depending upon the yield factor.

(c). Net harvest of 1,900 hectares in 1989 assumes 75 percent eradication in some areas that are double-cropped. Yield could vary from 2,090 mt to 3,600 mt.

(d). Calculated at 1.1 mt/ha for all areas, net yield is 7,776 metric tons. If the 3.5 mt/ha is confirmed, net yield for 1988 would have been 9,625 metric tons. For purposes of these tables, the 1.1 mt/ha yield, which has been confirmed over time, is used instead of the new variable (3.5 mt) which needs further assessment. Pending confirmation as a valid variable, 1988 estimates have been revised, using a midpoint (7,776 mt). Earlier year projections were also midpoints of ranges.

(e). Hashish production is a new phenomenon in Colombia; information currently available is inadequate to estimate production. Hashish production uses a portion of the net production of marijuana reported here.

# PERU

## A.1. Status of Illicit Narcotics Production and Trafficking

There is some indication that eradication efforts begun only in September of 1988 may have stabilized coca production in Peru, which has increased by an estimated 10 percent a year in past years. Despite high levels of violence directed against eradication workers, the government successfully cut down 5,130 hectares of coca in the Upper Huallaga Valley by manual means.

Peru remains the world's leading coca producer with some 110,500 hectares of both licit and illicit coca under cultivation (post-eradication). Surveys reveal that approximately 60 percent of Peru's total coca cultivation is in the Upper Huallaga Valley (UHV). All of the coca cultivated in the UHV is destined for further clandestine processing as cocaine for final distribution to the United States and Europe. The Peruvian Executive Coordinating Office for Drug Matters (OFECOD) has data indicating that almost 18,000 hectares are licensed for licit cultivation (chewing, medicinal, and flavoring purposes) out of the total estimated coca hectareage in Peru. Since the licit market only pays about US\$ .14/pound for dried coca leaf, compared to the \$1.00/pound paid by traffickers, it is likely that much of the licit cultivation is also diverted to cocaine processing labs.

Operators of coca processing labs have little difficulty obtaining the necessary precursor chemicals, since kerosene, sulfuric acid, potassium permanganate, and ammonia are produced in Peru and have too many commercial uses to be tightly controlled. Imports of ether and acetone, the two key chemicals used for converting cocaine base into cocaine hydrochloride (HCL), are monitored by the government. However, after importation, controls break down. The vast bulk of coca paste and cocaine base is smuggled out of Peru to Colombia and Brazil via small aircraft. Traffickers also use river craft, ocean-going vessels, vehicles, and pack animals. Peru's long and unpatrolled border and coastline afford the traffickers countless exit points.

Peruvian interdiction and eradication efforts have concentrated on the UHV area, because of its importance as the main cultivation and cocaine base processing area. Enforcement efforts in the UHV became increasingly difficult in 1988. An increase in the number and intensity of clashes between military units and guerrilla groups contributed to an already dangerous operating environment for Civil Guard (GC) airborne interdiction operations and Coca Reduction Agency (CORAH) manual eradication operations. Armed guerrilla and trafficking groups have made travel by land and river in the region extremely dangerous, forcing the government to rely upon U.S.-loaned aircraft to conduct its anti-narcotics missions and provide logistical support.

Peru's economic crisis shows no signs of abating, with inflation reaching 2,100 percent in 1988. The problem has complicated government efforts to curb the insurgents in the UHV, as well as to maintain the present level of anti-narcotics operations. January, 1989, statistics indicate that in the UHV alone, police and military forces were involved in 44 separate incidents, with 182 casualties. The deterioration of the security situation in the Upper Huallaga Valley departments of Huanuco, San Martin and Ucayali will continue to be a determining factor in government anti-narcotics planning efforts and the U.S. narcotics assistance program.

## A.2. Accomplishments in 1988

Prior to 1988, the lack of sufficient airlift support meant an alternating assignment of priorities, with airlift for drug interdiction, manual eradication, and logistical requirements vying for the use of the three U.S.-loaned helicopters.

Since October with the use of nine U.S.-loaned helicopters, the government has been able to sustain a two-pronged approach to the narcotics trafficking problem. The augmented airlift capability allowed more flying time to

target clandestine laboratories and airstrips, as well as to conduct more operations against trafficker facilities. The Civil Guard, with DEA advisors, destroyed 75 cocaine base laboratories and seized 7.6 metric tons of the total 9 metric tons of coca paste/base seized by all Peruvian agencies. The GC also disabled 13 airstrips, destroyed 146 maceration/decantation pits, and seized 10,980 gallons of essential liquid chemicals, 8,527 kilograms of dry chemicals and 10,650 gallons of fuel for trafficker vehicles and aircraft. The interdiction operations also seized 21 vehicles, one aircraft, and 64 weapons.

New tactics and equipment were employed by CORAH in 1988 to increase the rate of manual coca eradication despite the tenuous security situation. The combination successfully raised the total eradicated by CORAH in 1988 to 5,130 hectares, compared to 355 hectares in 1987. The use of mechanized trimmers to cut the bushes to ground level, while not equivalent to uprooting them, is quicker and ensures that the plants will not be in full production for eighteen months. The 5,130 hectares were eradicated in the last four months of 1988; it is anticipated that CORAH will be able to manually eradicate close to 1,000 hectares per month in 1989. The additional destruction of 184,089 square meters of coca seedbeds is an improvement over the 8,000 square meters of seedbeds destroyed in 1987. A significant part of the increase in eradication was due to the dedicated helicopter support that could be supplied.

The government has formed a multi-disciplinary commission under the Ministry of Interior to continue the scientific evaluation of the coca herbicide tests being conducted in the UHV. The Ministry of Interior also hosted an international seminar in December to study the environmental impact caused by narcotics trafficking. Prior to the conference, a government advisory group traveled to the U.S. to discuss the technical aspects of the coca herbicide project with their U.S. scientific counterparts. It is expected that the final stage of aerial herbicidal testing will occur in mid-1989, with soil and water studies to continue throughout the year.

The AID-financed Upper Huallaga Valley Area Development Project (PEAH) continued to complement drug law enforcement and coca eradication efforts, despite increasing violence in the project area caused by drug traffickers and political insurgents/terrorists. PEAH pro-

vided short-term agricultural and community development services and activities, maintained and repaired key roadways under military escort and provided agricultural support services to help farmers rehabilitate land upon which coca had been eradicated. However, the terrorist execution of three PEAH workers in 1988, the destruction of two pick-up trucks, and the theft of equipment, has had an impact on the ability of project staff and supervisors to travel in the UHV and visit isolated farm sites.

PEAH's eradicated land program, begun in 1987, has demonstrated that some eradicated coca land can be made productive. However, with the deteriorating economic conditions in Peru, the pilot effort to test viable alternative crops has met with little success. The most attractive legitimate cultivations require either heavy use by farmers of imported agriculture inputs or immediate marketing upon harvesting where road transportation cannot be assured. The AID-financed PEAH project was extended until September, 1991, and AID funding was increased by \$4.5 million. Total project funding is now at a level of \$41.8 million (U.S. \$27.9 million and the Peruvian government \$13.9 million). The government has agreed to form a national liaison office to assist PEAH in obtaining development and assistance resources and staff from other ministries for the UHV.

### A.3. Plans, Programs, and Timetables

The U.S. Embassy believes that the processing potential of the cultivations, labs and materials destroyed in 1988 will have an eventual impact, if the same level of actions can be sustained in 1989. In addition to sustained eradication and interdiction efforts, there must also be an economic redevelopment process in the near future to shift coca cultivators to other means of support.

U.S. airlift support will be augmented in 1989 with the addition of at least one utility/reconnaissance aircraft, and another C-123 transport for logistical support. Plans are underway to provide a more secure base of operations for the GC, CORAH, and U.S. personnel involved in interdiction and eradication efforts in the UHV. In 1988, ground fire against U.S.-

loaned helicopters and CORAH laborers increased over previous years, making the completion of a UHV base central to the secure concentration and deployment of U.S.-loaned aircraft and Peruvian personnel on anti-narcotics missions. Security and tactical training for the GC will also be provided in 1989.

#### A.4. Adequacy of Legal and Law Enforcement Measures

Regarding the requirements of Section 2013 of P.L. 99-570, the government does not as a matter of policy encourage or facilitate the production or distribution of illicit drugs. No senior official has been indicted for narcotics-related corruption.

The government's enforcement of laws prohibiting bribery and public corruption in narcotics enforcement is sporadic but sometimes vigorous. In those instances where there was evidence of corruption within police ranks, the government took decisive action to correct the problem. However, it is difficult to assess the impact of its efforts to eliminate corruption, in light of the economic crisis and the inability to pay judges and law enforcement personnel adequate salaries to resist the pressures of corruption. A similar situation exists with regard to the police and military operating in the UHV.

While there is widespread speculation that proceeds from illicit drug trafficking are an increasingly important source of revenue for the government during its economic crisis, there is absolutely no evidence that the government is encouraging or facilitating production or distribution of narcotics. During 1988, the Peruvian police and the army were involved in an armed "stand-off", ostensibly over whether the police could seize a cocaine base lab and approximately \$500,000 in cash, and arrest a number of suspected traffickers. The incident was resolved in favor of the police and the army commander was disciplined and transferred. Careful monitoring of such allegations and incidents by the U.S. Embassy does not indicate any type of government policy to encourage or facilitate narcotics trafficking. Rather, where the allegations have been verified, they appeared to be isolated incidents rather than the result of systematic government policy.

Peruvian law still makes no provision for conspiracy-type prosecutions or undercover operations. Both are essential to effective investigation and prosecution of high echelon traffickers. Peru does not have an extradition treaty in force with the U.S. which permits the extradition of either country's nationals.

The current bilateral narcotics letter of agreement between the U.S. and the government of Peru satisfies Chile's Amendment requirements.

#### A.5. Domestic Drug Abuse

The Ministry of Education has initiated a pilot program to develop and test a drug prevention curriculum for the public schools. A national survey of drug use in schools and attitudes toward drug consumption (the preliminary step to the design of appropriate curricula) has also been conducted. Over 9,000 high school students in 53 schools throughout the country participated in the study. Data collected will be analyzed at Peru's Catholic University computer center.

The 1987 polls revealed that concern about drug use and drug trafficking is widespread among urban Peruvians. Nearly nine in ten say drug abuse is a serious problem for the country. In a December, 1987, poll, 93 percent said they would support a series of anti-drug measures ranging from stiffening punishment for traffickers, increasing efforts to destroy labs and processing facilities, providing more treatment facilities, and eradicating coca plantations. While the belief that U.S. consumption is to blame for the drug problem is widely held, there is also acknowledgment of increased U.S. efforts to curtail domestic use. Almost three-quarters favor stronger international cooperation to combat drug trafficking, an opinion strengthened by the nearly unanimous belief that the benefits of drug trafficking are strongly outweighed by the costs.

Despite these favorable attitudes, drug consumption and drug trafficking have declined in importance to most Peruvians in comparison to the economic crisis. The result has been a decline in pressure on the government to take more vigorous action, despite a great deal of media attention to the drug problem.

Anti-drug education programs are promoted by two private sector organizations,

CEDRO (Center for Education and Information for Drug Abuse Prevention) and *Mundo Libre*, which is run by the wife of the Foreign Minister. CEDRO conducted a major epidemiological study which will now serve as the baseline data for future drug awareness plans and programs. It also maintains an outreach program with 320 community organizations throughout Peru. USIS sent one CEDRO advisor to the U.S. on a visitor program and sent one U.S. expert to Peru to work with anti-drug organizations in Lima and Arequipa. In addition, USIS conducted four WORLDNET interactive programs during 1988 on the testing and registration of chemicals, on asset forfeiture, on youth-to-youth drug education programs, and on drug prevention programs in the United States. USIS also distributed a radio program on drug problems to 15 stations and included parts of it in another program which was sent to an additional 12 stations.

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### B.1. Nature of Illicit Drug Production

The coca bonanza in the UHV commenced about a decade ago due to consecutive crop failures of cotton and rice, and the decline of world coffee prices. The driving force behind the deforestation and the expanded cultivation of coca is the high price paid for dry coca leaf for clandestine processing into paste, base and cocaine HCL. Other factors which may enhance coca production include coca leaf diverted from legally licensed plots, and the illicit coca cultivated outside the UHV which may not have been discovered due to the remoteness of the areas.

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### B.2. Factors Affecting Production

The general economic situation and the continued high demand for coca leaf are the prime movers affecting the increased production of coca. The farmer cultivating the coca field is only one part of the narcotics economic process. There are also the small business owners in the towns who sell the tools, spray equipment, herbicides and fertilizers; the carpenters, electricians and roofers to build the

laboratories; and finally, the hired guns to protect the loads of coca derivatives being processed at labs, or transported to airstrips. The upsurge in operations by the *Sandero Luminoso* (Shining Path) guerrilla group adds a new and disturbing factor to the production equation and complicates government efforts to regain control of the valley.

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### B.3. Maximum Achievable Reduction

CORAH was specifically created and funded to mount an intensive crop control strategy against coca cultivation in consonance with the PEAH project. PEAH was designed to encourage licit agricultural crops as alternatives to coca. The deterioration of the security situation in the UHV has curtailed technical adviser movements, and in some places aroused hostilities from farmers fearful of insurgent retaliation if they even talk to foreigners.

Under present conditions, CORAH hopes to manually eradicate over 1,000 hectares per month, with a goal of 15,000 hectares in 1989. Reliable airlift for the eradication teams and good flying weather will be essential to attain this goal.

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### B.4. Methodology for Estimates

The following is based on conservative estimates and averages:

Coca plant density averages one bush per square meter, or 10,000 bushes per hectare, although some plots may be twice as dense. Peruvian coca growers average four harvests per year. Average annual yield per hectare is 1,000 kilograms.

CORAH workers, using brush trimmers and machetes, on a typical day (40 machines, 90 machetes) could average 100 hectares. Discounting inclement weather, maintenance, and security problems, 20 days per month of work would be typical and 24,000 hectares of mature plants eradicated is theoretically possible. However, for the above stated reasons, a 15,000 hectare figure is more realistic.



- Methodology for production estimates:
- - 1 hectare yields 1.0 metric ton of dry leaf per year.
  - - 200 kg dry leaf yields 1 kg coca paste.
  - - 2.5 kg paste yields 1 kg cocaine base.
  - - 1.0 kg base yields 1 kg cocaine hcl.
  - (The leaf from 1 hectare could produce 5 kgs of paste or 2 kgs of base for cocaine HCL).

## C.1. Statistical Tables

A. SUMMARY TABLES for CY		1990 est.	1989 est.	1988	1987	1986	1985
COCA							
Cultivation	[ha]		115,630	115,630	109,500	107,500	95,200
Eradication	[ha]		15,000	5,130	355	0	0
Harvested	[ha]		100,630	110,500	109,145	104,925	90,370
Leaf							
Harvested	[mt]		100,630	110,500	109,145	104,925	90,370
Loss Factor	[mt]		-	-	-	-	-
Seized	[mt]		200	104	-	-	-
Consumed	[mt]		200	200	-	-	-
Avail. for conversion	[mt]		100,230	110,196 (a)	-	-	-
Paste							
Seized	[mt]		12	9	-	-	-
Consumed	[mt]		1	1	-	-	-
Avail. for refining	[mt]		488	540	-	-	-
Exported	[mt]		-	-	-	-	-
Base/HCL							
Produced	[mt]		-	-	-	-	-
B. DATA TABLES for CY		1990 est.	1989 est.	1988	1987	1986	1985
Cultivation (Gross)							
Coca leaf	[ha]		115,630	115,630	109,500	107,500	95,200
Potential Prod (Gross)							
Coca leaf	[mt]		115,630	115,630	109,500	107,500	95,200
Hectares Eradicated							
Coca leaf	[ha]		15,000	5,130	355	0	0
Crops Eradicated							
Coca leaf	[mt]		15,000	5,130	355	0	0
Net Cultivation							
Coca leaf	[ha]		100,230	110,500	109,145	104,925	90,370
Net Production							
Coca leaf	[mt]		100,230	110,500	109,145	104,925	90,370
Refining							
Coca paste	[mt]		387	442	530	370	320
Seizures							
Coca	[mt]		625.00	500.00	400.00	450.00	725.00
Cocaine	[mt]		0.08	0.06	0.03	0.02	0.35
Other Coca	[mt]		11.50	9.50	5.70	38.00	17.00

# MEXICO

## A.1. Status of Illicit Narcotics Production and Trafficking

Mexico is a major producer of opium poppy and cannabis and continues to be a primary source of heroin and marijuana entering the United States. Current estimates by U.S. officials are that 1988 net production from Mexico totalled 45-55 metric tons of opium and 5,655 metric tons of marijuana. Data reported by the Mexican Attorney General's office indicate improvements in eradication, including an approximate 25 percent expansion of opium destruction, that offset increased cultivation. Net production levels, after eradication and seizures, were approximately the same as 1987 for opium while net marijuana production decreased. Additionally, traffickers increasingly use Mexico as a transit country for shipping cocaine from South America to the United States.

The narcotics control program in Mexico includes aerial and manual eradication, interdiction, bilateral law enforcement directed at curtailing trafficker operations, military involvement in narcotics eradication, and efforts to increase public awareness. Under the de la Madrid administration, which ended its term on November 30, the government maintained its commitment to eradicate illicit drug crops and cooperated with U.S. law enforcement agencies in the interdiction of narcotics.

U.S. officials, noting the improvements in several areas in 1988, believe the effectiveness of the joint eradication and interdiction operations needs to be improved even more in 1989.

Publicly acknowledging drug trafficking as a grave threat to health and national security, new President Carlos Salinas de Gortari has made the defeat of narcotics trafficking a national priority. He has created an enlarged and restructured Deputy Attorney General's Office with specialized units devoted solely to fighting drugs and has ordered a 100 percent increase in anti-drug personnel and resources. The campaign against narcotics trafficking is administered by Attorney General Enrique Alvarez Del Castillo.

The aerial eradication program is the most effective current means of diminishing the production of opium and cannabis; improved enforcement is needed to curb trafficking in heroin, marijuana and cocaine. In 1988 the Office of the Attorney General (PGR) increased the size of its eradication air fleet and took significant steps to improve the efficiency of its anti-narcotics operations.

Despite severe domestic economic problems and a sharp cutback in government spending for most other programs, the PGR budget for drug eradication climbed from \$19.5 million in 1987 to \$23.1 million in 1988. A \$26.0 million budget is projected for 1989. Increased Mexican funding, plus U.S. financial assistance, was instrumental in helping the PGR to eradicate more hectares of opium poppy and marijuana in 1988 than in 1987 and 1986, giving confidence to its projections of an upward, sustained trend line for future years.

The Mexican Army is also involved in narcotics eradication and interdiction with approximately 25,000 Army personnel (25 percent of total troops) regularly engaged in manual eradication, and up to 50,000 troops involved in anti-narcotics operations during peak growing/harvesting periods. Since late 1986, the Mexican Navy has cooperated with the U.S. Coast Guard and other U.S. agencies in carrying out drug interdiction efforts against suspected traffickers in Mexican territorial waters. The 9,000-member Mexican Marine Corps has jurisdiction for anti-drug operations extending approximately six miles inland from the coast. New Defense Minister General Antonio Riviello Bazan has pledged that the Mexican military will intensify drug eradication and interdiction.

Mexico's 2,000 mile border with the United States makes the country a natural point of origin and transshipment for drugs. Severe domestic economic problems and intimidation by traffickers have motivated farmers to grow illegal narcotics crops; financial rewards for poor farmers from drug crops are far above those possible from growing legal crops. Traffickers provide peasant growers with credit

and seeds, and pay in full for the illicit crop immediately after the harvest.

Throughout 1988, senior Mexican officials increasingly expressed concern over the threat that narcotics trafficking organizations could pose to government authority. Many, however, reiterated that drug consumption, primarily in the United States, fuels drug production in Mexico. The media and the general public also appear to be growing more aware of the threat narcotics trafficking and abuse present.

Terrorism does not exist in Mexico in the traditional sense of an alliance between drug traffickers and political insurgents. Frequent violent confrontations do occur, however, between drug traffickers and the police, military, and rival traffickers, and armed reprisals against anti-drug personnel and helicopters are increasing. Four major seizures of large weapons shipments during 1988 highlighted an increasingly volatile and dangerous situation. These shipments consisted of state-of-the-art weapons and other paramilitary equipment reportedly destined for Colombia. The government moved rapidly to arrest both Mexican and Colombian nationals involved with the shipments.

Corruption continues to undermine effective drug law enforcement. The emergence in 1988 of an increasing number of Colombian traffickers within Mexico, involved primarily with facilitating the transshipment of cocaine to the United States, has contributed to an already complex situation. There is little information to measure the degree to which the government addressed high-level drug-related corruption during 1988. President Salinas has vowed to come down hard on corruption, especially by public officials. Although not linked to drug trafficking, the January 10, 1989, arrest of the leadership of the powerful Petroleum Workers Union was an encouraging demonstration of strength on the part of President Salinas. The following statements respond to the requirements of Section 2013 of P.L. 99-570: (a) There is no evidence to suggest that the government, as a matter of government policy, has encouraged narcotics production or trafficking; and (b) No senior officials of the government have been indicted on drug-related charges since the last 2013 report.

Mexican financial institutions, which are governed by strict financial privacy laws, are not viewed as major conduits for large scale money laundering, but have been used to facil-

itate the laundering of narcotics proceeds. Deposits (normally U.S. dollars) are automatically converted to pesos, which could continue to suffer rapid and unpredictable devaluations. Mexican commercial banks, all but two of which are nationalized, do not provide information to U.S. officials on their activities. The Mutual Legal Assistance Treaty (MLAT), once ratified by the U.S. Senate, could provide a useful framework for law enforcement cooperation on money laundering and access to bank records. For the most part, narcotics-generated funds are invested in real estate and attractive commercial ventures in Mexico or in the U.S. and other countries. Because Mexican currency exchange houses and commercial business operations are less stringently regulated than commercial banks and they can deal in currency without conversion into pesos, drug traffickers are expected to increase their heretofore limited use of them to launder money. In late 1988, the new Mexican Attorney General announced that his office will investigate money laundering, continue to confiscate traffickers' resources, and strengthen penalties for drug trafficking.

## A2. Accomplishments in 1988

Mexican authorities arrested over 13,000 persons on drug-related charges in 1988 including major traffickers Miguel Quintero Paez, Filemon Medina, Juan Lizarraga, Juan Jose Quintero Payan, Jose Pineda Trinidad, Juan Frank Garcia and Hugo Etienne Marin.

Drug traffickers Rafael Caro Quintero and Ernesto Fonseca Carrillo, among other defendants, were convicted on drug trafficking charges by a Mexican court in September. Caro Quintero received a 34-year sentence and Fonseca Carrillo, 11 years. Verdicts from their trial in Guadalajara for the 1985 kidnapping and murder of DEA Special Agent Enrique Camarena are expected in 1989. The court case related to the 1986 detention of DEA Special Agent Victor Cortez by Jalisco state police continues, and should also be resolved in 1989.

The FGR reported destroying 2,737 hectares of opium poppy and 3,997 hectares of marijuana in 1988, compared to 2,200 hectares of opium poppy and 3,750 hectares of cannabis

in 1987. This is an increase of 25 percent in opium poppy eradication and 6.6 percent in marijuana destruction over PGR figures for 1987. (These values are midpoint ranges found in the data tables.)

The PGR verification program reported that 40 percent of the hectareage sprayed had been surveyed and of that hectareage the destruction rate was 98 percent. Eradication totals increased in 1988 because of improved aircraft maintenance levels, reduced aircraft on ground time (AOG, i.e., for major overhauls and major repairs rather than for routine maintenance), improved spare parts ordering, a greater number of flight hours logged by the PGR, additional PGR aircraft committed to aerial eradication, and better pilot retention.

In the state of Michoacan, the PGR continued a special project in which federal and state government enforcement personnel manually eradicated narcotic crops with U.S.-supplied backpack sprayers in areas inaccessible to aerial spraying. Aerial spraying continues to account for the majority of illicit crops destroyed.

DEA participation in Operation Vanguard, the bilateral reconnaissance and eradication verification effort, was suspended by DEA Headquarters in April, pending a reevaluation of the program. Future U.S. participation in the Mexican verification program is currently being reviewed in Washington. In mid-1988, DEA instituted a program to assist in estimating crop cultivation, determining methods of production, and identifying end-product ratios (i.e., opium gum to morphine to heroin).

In June, a PGR/Embassy exchange of letters provided the funding for a new aviation maintenance contract. Bell Helicopter Services, Inc. (BHSI), a subsidiary of Bell Helicopter-Textron, Inc., succeeded E-Systems in providing aviation maintenance services in support of the PGR air fleet. The total value for the first 12 months of the contract is estimated to be \$10.4 million. The contract authorizes maintenance for up to 93 PGR aircraft.

The PGR set an aircraft availability rate goal of 70 percent for 1988 and the air fleet averaged 67.3 percent availability. The lower figure is due to a greater number of aircraft down for routine servicing and repairs, as the PGR has logged almost 5,000 more flight hours in 1988 than for the same period in 1987. Failures in obsolete radio equipment installed in the PGR fleet (as well as routine maintenance)

also contributed significantly to aircraft downtime. The twelve new Bell 206b helicopters purchased by the PGR with its own funds in 1987 were fully operational during 1988. This allowed the PGR to increase the number of spray/support helicopter pairs from 14 to 19.

In February, the PGR successfully completed a 90-day, INM-funded accelerated training program to fill helicopter pilot vacancies. While all other government employees remained under a wage freeze, PGR eradication campaign personnel received a significant pay increase in April. At mid-year, all pilot vacancies had been filled. By December, however, continued inflation and no additional salary raises caused some pilots and technical personnel to leave for higher wages with commercial airlines. Given the danger factor, this in-out trend is likely to continue unless salary increases keep better pace with inflation.

The U.S. and the PGR worked together in 1988 to upgrade physical facilities and support equipment at selected PGR air bases and to field test herbicides and spray equipment to increase the effectiveness of eradication operations. In 1988, three additional field advisors were hired.

The PGR reported seizing 15,363 kg of cocaine, 278 tons of dried marijuana, 158 kg of opiates, 71 kg of heroin, 1,899 land vehicles, 27 aircraft, 16 boats, and 2,649 assorted firearms in the anti-drug campaign in 1988. The PGR also reported dismantling eight heroin labs and one cocaine lab, and arresting 13,135 individuals on drug-related charges during the same period. Because most drug labs in Mexico are small kitchens or rudimentary backyard contrivances, they are difficult to discover. Although a few cocaine laboratories have been found in the past, we have no evidence that extensive refining occurs.

According to the Mexican military, it manually eradicated 6,781 hectares (84,370 fields) of opium poppy and 8,785 hectares (74,216 fields) of cannabis in 1988. U.S. officials are unable to verify these claims which, when combined with reported PGR eradication totals, equal or exceed U.S. estimates of total cultivation. Thus, these figures are not included in the INCSR data tables. The Mexican military does not permit civilian (Embassy or PGR) scrutiny of its official activities. The Mexican Army also reported confiscating 7,729 kg of cocaine and 15 metric tons of marijuana during

1988. The Mexican Navy/Marine Corps reports having confiscated 47,051 kg of marijuana and 60.2 kg of cocaine during the same period.

INM-funded training by U.S. Coast Guard and DEA teams will assist in enhancing Mexican law enforcement capability to interdict illicit drug shipments and narcotics traffickers.

Various Mexican public and private institutions involved in prevention and treatment programs have adopted a zero tolerance approach to drug problems. Jointly funded by USAID/Mexico and a Mexican social service agency, a pilot program to combat the use of drugs in Ciudad Juarez carried out an attitude survey among the public, completed prevalence studies in public schools and in-bond plants (*maquiladoras*), aired professional anti-abuse messages in the media and movie theaters, established a community drug hotline, created a job bank for ex-addicts, and opened information and counselling services for public school students and factory workers. Field work for the 1988 Mexican Ministry of Health (MOH) National Household Drug Abuse Survey, partially financed by INM, was completed in June. A final report is expected in mid-1989.

In October, 1988, the government purchased a radar system from a U.S. firm to detect and help in the interdiction of aircraft suspected of transporting narcotics northwards across Mexico's southern border (Belize and Guatemala). The Mexican Air Force will operate the system and develop an interdiction capability, which is not expected to be operational before late 1989. These actions, directed toward Mexico's southern border, are appropriate for targeting the significant amounts of cocaine transiting Mexico to the U.S. from South America. Nevertheless, the U.S. government continues to urge the GOM to undertake counter narcotics activities with Operation Alliance on our mutual border.

As indicated in previous reports under Section 2013 of the Anti-Drug Abuse Act of 1986, the government, for reasons of sovereignty, has declined to grant open-ended or unrestricted rights to the U.S. Customs Service to cross the Mexican border in pursuit of suspect aircraft. Various alternatives have been proposed by both sides without resolution. Efforts will continue to be made with the new senior Mexican law enforcement officials

to persuade them to participate in initiatives, including under Operation Alliance, to halt the flow of drugs across the border.

### A.S. Plans, Programs and Timetables

Given the strong anti-narcotics statements by President Salinas and his cabinet, further improvements in Mexican anti-narcotics efforts are anticipated. Increased liaison at all civilian levels is expected. U.S. officials are particularly encouraged by Salinas' creation of a new Deputy Attorney General's Office for Narcotics Matters. This new entity has four main sub-sections: Narcotics Investigation; Psychotropic and Drug Material Processing Control; Anti-narcotics Production Campaign; and International Relations.

The U.S. Embassy will provide procedural guidance to the PGR when the U.S.-funded BHSI aviation maintenance contract comes up for renewal in June, 1989. The Embassy will work with the maintenance contractor in 1989 to raise the PGR aircraft availability rate to 70 percent. Five new Bell 206b helicopters, purchased with PGR insurance funds in late 1988, will join the air fleet in early 1989 to replace helicopters destroyed in the anti-narcotics campaign.

Such improvements should enable the PGR to eradicate at least 20 percent more hectares of illicit crops in 1989 than it did in 1988. The U.S. will assist the PGR in formulating an effective drug eradication plan, emphasizing the achievement of the proper mix of Bell 206b and Bell 212 spray aircraft for maximum advantage. In 1989, INM funding will provide sufficient aviation fuel, herbicides, tools, and equipment to maintain the aerial eradication program. Funds will also be used to maintain and upgrade PGR air bases and support equipment under a joint plan. In addition to the Michoacan manual eradication program, the government has stated its intention to undertake additional manual eradication programs in other key areas of Mexico.

A Letter Of Agreement (LOA) will be negotiated with the government in 1989 to develop an aerial survey project to determine better the extent of drug cultivation in Mexico. At least one (and hopefully three) PGR aircraft

will be modified as photographic platforms with INM funds under the project.

The U.S. will also work with the government in 1989 to provide training in narcotics-related law enforcement and intelligence collection for Mexican law enforcement officials, to reduce the supplies of drugs that reach the United States either from or through Mexico, and to establish a precursor chemicals monitoring program. DEA's Operation Greenbelt, aimed at collecting more cultivation and production data, should be fully operational throughout 1989.

The U.S. will continue to assist the GOM in the development of community-based narcotics demand reduction programs. The Ciudad Juarez drug abuse prevention program will run through September, 1989, and be replicated in other Mexican cities. Results of the National Household Drug Abuse Survey will be published and disseminated by mid-year.

The U.S. has negotiated a Letter Of Agreement, which will comply with provisions of the Chiles Amendment. Mexico is party to the 1961 Single Convention on Narcotics, as well as the 1972 Protocol. Mexico is a signatory to the new United Nations Convention Against Illicit Trafficking.

The United Nations Fund for Drug Abuse Control (UNFDAC) has agreed to provide \$15 million to Mexico, in return for matching funds from the government, in order to support a technical assistance program for rural integrated development in the most poverty-ridden areas of the drug growing states of Oaxaca, Guerrero and Michoacan. A master plan to be submitted by the government will contain its eradication schedule.

#### **A.4. Adequacy of Legal and Law Enforcement Measures**

Regarding the requirements of Section 2013 of P.L. 99-570, the government does not as a matter of policy encourage or facilitate the production or distribution of illegal drugs. The government has taken legal steps to eliminate bribery and other forms of public corruption. The administration of President de la Madrid created a Comptroller General's office to oversee the conduct of government employees and established comptroller offices in various government agencies to receive complaints. A

new code of ethics was promulgated, which included the requirement for senior officials to declare annually their assets or changes in assets. These measures probably curbed some abuses, especially compared with the excesses during the two previous administrations, but it is unclear whether the level of narcotics-related corruption has diminished, either in absolute terms or in its impact on programs. With regard to enforcement of laws which deal with corruption, as noted in Section A.2, the extent to which the government may have addressed high-level corruption in 1988 is unclear. President Salinas has, however, vowed to come down hard on corruption by public officials. Mexico signed a Chiles Agreement on February 23, 1989.

In December of 1987, Mexico ratified the Mutual Legal Assistance Treaty (MLAT) which has long been sought by the U.S., but the U.S. Senate has not yet given its advice and consent to ratification. The MLAT could provide a basis for improving bilateral cooperation on criminal matters, including investigation and prosecution of narcotics-related crimes.

Statutes against drug trafficking are sound, but their enforcement is less satisfactory. The collection and use of evidence continues to be rudimentary, no nationwide criminal identification system exists, forensic capabilities are outmoded, and police communication links are limited. Developing cases solely against Mexican money launderers is not foreseen in the immediate future because of the lack of investigative and prosecutorial resources. U.S. Customs plans to work with DEA and the IRS to focus on drug-related money laundering investigations.

The Mexican Constitution (Article 27) permits the government to confiscate and redistribute land not used for socially acceptable purposes, including lands used for drug crops. Based on a 1987 administrative initiative permitting the seizure of drug traffickers' property at the beginning, rather than at the end, of the legal process, the seizure of traffickers' assets continued during 1988.

Mexico continues to be very cooperative in expelling or deporting large numbers of non-Mexican fugitives wanted in the United States. Generally, these are U.S. citizens, such as drug trafficker Leonard Swirde who was deported in 1988, but we have also received third country nationals through this process.

Return of fugitives under the bilateral extradition treaty, a process far less efficient than deportation or expulsion, continues to be rare. In the last year, the government extradited accused West German drug trafficker Veronica Kiera Wahl to the U.S. over a competing West German request, and court proceedings concerning the extradition of accused drug trafficker Daniel Fowlie, while slow, have nonetheless been successful to date. However, during the same period, Mexico refused the extradition of convicted terrorist William Morales.

### A.5. Domestic Drug Abuse in Mexico

While still limited, increased attention to drug abuse issues has been noted in the media during 1988. Accurate drug abuse information is still unavailable in Mexico. The results of the 1988 National Household Drug Abuse Survey should significantly fill this data gap. Drug treatment centers in Mexico continue to report that common inhalants, such as gasoline and paint thinner, are the primary sources of abuse. Marijuana follows in popularity. Patterns of drug abuse vary by region and by urban versus rural locale and are drawn along socioeconomic lines. Cocaine is available to more affluent youth and adults. Heroin abuse reportedly is only a problem in the U.S./Mexico border region. Major resort areas form pockets of drug abuse. The majority of heroin and marijuana production in Mexico, however, is destined for U.S. rather than local consumption. In contrast to the past, the Mexican public is increasingly being alerted by public organizations to the threat of drug dependence.

### B.1. Nature of Illicit Drug Production

Small-scale farmers continue to be the backbone of illegal opium poppy and marijuana drug production in Mexico. The processing and transportation of the final products are, however, in the hands of large organizations which have controlled the Mexican illegal narcotics trade for decades. Some traffickers

have taught farmers more advanced growing techniques, such as using irrigation and improved seeds and fertilizers to increase and enhance yields. Nevertheless, in many rural areas the cultivation of opium poppy and marijuana remains unchanged over the past forty years. The increasingly prevalent practice of planting small, widely dispersed cultivations has made aerial eradication increasingly dangerous and difficult. Growers have also responded to the application of aerial herbicides by harvesting mature sprayed plants or washing all plants with water immediately following spraying.

In recent years, traffickers have encouraged the production of illicit crops in non-traditional growing areas, resulting in some marijuana cultivation in every Mexican state. Opium poppy, traditionally grown only in the tri-state region of Sinaloa, Chihuahua and Durango, is now also found extensively in the states of Michoacan, Nayarit, Guerrero, Oaxaca and Chiapas.

Both black tar heroin and the traditional Mexican brown variety are still produced in Mexico. According to Drug Abuse Warning Network (DAWN) statistics, the higher purity and lower price of black tar heroin has resulted in increased hospital emergency admissions, as well as overdose fatalities, in the United States.

### B.2. Factors Affecting Production

The escalating cost of living and widespread unemployment and underemployment in Mexico have contributed to the attractiveness of drug ventures. Although inflation has been reduced from 169 percent in 1987 to about 52 percent in 1988 as a result of the government's economic solidarity pact, many Mexicans continue to experience real economic hardship. The cultivation, distribution and resale of illicit crops provide an attractive economic alternative.

Mexico produces some chemicals that are diverted to the refining of heroin from opium.

### B.3. Maximum Achievable Reductions

The PGR makes no annual drug cultivation or production estimates. The government maintains that to do so, the total amount under cultivation would have to be known accurately, which, they believe, is not possible. Gross production has been estimated by U.S. officials. Government drug eradication policy is to eliminate opium poppy and cannabis cultivation wherever found. Given the size and geography of the nation, limits on available resources, and the current extent of drug crops in both non-traditional and traditional growing regions, this is an ambitious and extremely difficult goal.

PGR 1988 eradication figures show that 2,504 to 2,971 hectares of opium poppy (2,737 midpoint) and 3,997 hectares of marijuana were destroyed. (The opium variable is field size, which range from .056 to .094 hectares.) Based on these totals, and the percentage of increase over 1987, U.S. officials estimate that the PGR can eradicate as much as 3,250 hectares of opium poppy and 4,796 hectares of cannabis in 1989, a 20 percent increase over 1988 results. Reductions anticipated for 1990

are 4,278 hectares of opium poppy and 5,755 hectares of cannabis, a further 20 percent increase over 1989.

### B.4. Methodology for Estimates

Mexican officials, including the new President, Attorney General and Defense Minister, have publicly expressed their commitment to improve efforts and results against drug traffickers. It is therefore anticipated that the PGR will be able to eradicate 20 percent more hectares in 1989 than it did in 1988. Projections for 1989 are also premised on the assumptions that AOG time will be minimized, the spare parts ordering system will function properly, and PGR aircraft availability and pilot retention rates will remain at optimum levels.

Weight reductions of illicit crops are based on a yield of one metric ton of opium for each 100 hectares of opium poppy and 1.13 metric tons of marijuana for each hectare of cannabis cultivation.

### C.1. Statistical Tables

A. SUMMARY TABLES for CY		1990 est.	1989 est.	1988	1987	1986	1985
<b>OPIMUM</b>							
Cultivation	[ha]		7,750	7,738	7,360	6,000	7,500
Eradication	[ha]		3,250	2,737	2,200	2,135	2,300
Harvested	[ha]		4,500	5,001	5,160	3,865	5,200
Yield	[mt]		40-50	45-55	50	40	52
<b>HEROIN</b>							
Produced	[mt]		4-5	4.5-5.5	-	-	-
Seized in-country	[mt]		0.090	0.080	0.070	0.035	0.010
Consumed in-country	[mt]		-	-	-	-	-
<b>CANNABIS</b>							
Cultivation	[ha]		9,000	9,000	9,000	8,430	5,865
Eradication	[ha]		4,796	3,997	3,750	2,970	1,740
Harvested	[ha]		4,204	5,003	5,250	5,460	4,125
Yield (1.13 mt/ha)	[mt]		4,750	5,655	5,933	6,170	4,540
Loss Factor (0.10)	[mt]		475	565	-	-	-
Seized in-country	[mt]		300	278	-	-	-
Consumed in-country	[mt]		100	100	-	-	-
<b>HASHISH</b>							
Converted from cannabis	[mt]		-	-	-	-	-



**B. DATA TABLES for CY**

		1990 est.	1989 est.	1988	1987	1986	1985
<b>Cultivation (Gross)</b>							
Opium	[ha]		7,738	7,738	7,360	6,000	7,600
Cannabis	[ha]		9,000	9,000	9,000	6,430	5,865
<b>Potential Prod (Gross)</b>							
Opium	[mt]		78	78	75	60	75
Cannabis	[mt]		10,170	10,170	9,900	9,275	6,450
<b>Hectares Eradicated</b>							
Opium	[ha]		3,250	2,737	2,200	2,135	2,300
Cannabis	[ha]		4,796	3,987	3,750	2,970	1,740
<b>Crops Eradicated</b>							
Opium	[mt]		32	28	25	20	18
Cannabis	[mt]		5,419	4,517	4,125	3,270	2,000
<b>Net Cultivation</b>							
Opium	[ha]		4,500	5,001	5,160	3,865	5,200
Cannabis	[ha]		4,204	5,003	5,250	5,460	4,125
<b>Net Production</b>							
Opium	[mt]		45	50	50	40	52
Cannabis	[mt]		4,750	5,655	5,933 (a)	6,170	4,540
<b>Refining</b>							
Heroin	[mt]		-	-	-	-	-
Heroin Base	[mt]		5	5	4	-	-
<b>Seizures</b>							
Opium	[mt]		0.02	0.02	0.16	-	-
Heroin	[mt]		0.09	0.08	0.07	0.04	0.01
Cocaine	[mt]		18.60	16.90	15.40	9.30	5.30
Marijuana	[mt]		330	330	278	400	400
<b>Arrests</b>							
Nationals			15,400	14,000	12,888	9,800	8,340
Foreigners			300	275	247	300	300
Total Arrests			15,700	14,275	13,135	10,100	8,640
<b>Labs Destroyed</b>							
Heroin			-	8	4	7	-
Cocaine			-	1	3	5	-

(a) Net marijuana production for 1987 was incorrectly reported as 6,950 metric tons (rounded) in the 1988 INCSR.

# AFGHANISTAN

## A.1. Status of Illicit Narcotics Production and Trafficking

Unsettled security conditions in Kabul in the wake of the withdrawal of Soviet forces from Afghanistan resulted in the closing of the American Embassy and other embassies in late January, 1989. The limited staff at the Embassy up to that time had been unable to obtain reliable estimates of narcotics production and trafficking.

Illicit opium production in Afghanistan continued to dominate Southwest Asia's narcotics market in 1988, with no certain prospect for change in 1989. Afghanistan is also a refiner of poor quality heroin base and heroin hydrochloride as well as a producer of hashish.

U.S. officials, who estimated opium production to lie in a range of 400 to 800 metric tons in 1987, have refined that estimate to a higher of range of 700-800 metric tons for 1988. This change reflects greater confidence in their improved estimate, as well as some actual increase in production. There is no official Afghan estimate.

Opium poppy cultivation was officially banned in 1957, but reliable sources indicate that little has been done by either Soviet or Kabul regime officials to curb drug production. President Reagan denied certification to Afghanistan in 1987 and 1988 for failure to cooperate on narcotics control.

Since the Soviet invasion of Afghanistan in 1979, it has been difficult to obtain reliable estimates of narcotics production and trafficking. With the closing of the United Nations Fund for Drug Abuse Control (UNFDAC) office in early 1986, which had provided some data, the Afghanistan regime has progressively reduced the amount of reliable information provided to the United Nations Development Program office (UNDP), which itself had drawn down to a skeleton staff of 5-6 persons due to wartime conditions. There are strong indications that seizure data generated by the regime generally are incomplete, or even bogus, in service of propaganda purposes.

Trafficking in illicit drugs is believed to have increased in 1988, particularly heroin trafficking, but also trafficking in hashish and opium. There have been unconfirmed reports in the media of trafficking in domestically-produced as well as imported opium, hashish and heroin from Pakistan through Afghanistan.

## A.2. Accomplishments in 1988

There have been no new policy initiatives in the regime's narcotics control activity. Regime programs concerned with drug enforcement are moribund, as the regime itself struggles for survival. Nevertheless, putative large-scale seizures in Kabul are reported regularly in regime media.

## A.3. Plans, Programs and Timetables

The regime appears to have no planning apparatus or function with regard to narcotics control. No public commentary has alluded to plans, programs or timetables. It is highly likely that none exist.

## A.4. Adequacy of Legal and Law Enforcement Measures

The regime periodically announces seizures of narcotics, usually alleging the seized narcotics were being trafficked through Afghanistan from production centers outside the country's borders. The regime commonly alleges the traffickers have connections with Pakistani and Mujahidin circles. However, no reliable statistics are available on regime seizures, and it is widely suspected that publicized regime statistics are made up. For example, on March 27, 1988, the *Kabul Times* re-

ported a regime claim that during the previous Islamic year (3/21/87 - 3/20/88) security officials seized narcotics valued at 264,554,817 afghanis, or about US\$4.8 million at the official exchange rate. The seizures included 5.2 mt of opium, 228 kilograms of heroin, 21.2 mt of hashish and 99,740 tablets of Mandrax. This assertion is contradicted in later newspaper accounts, however, which claim different figures. For example, another account claims that the amount of drugs seized in the previous Islamic year totaled over 185 mt, while another reports that 5.1 mt of heroin and 360 kilograms of opium were confiscated.

With regard to regime enforcement efforts outside the areas of the country that it controls, some regime military activity against Mujahidin targets occasionally includes strikes against opium growing areas, particularly in traditional rural opium production areas. These operations are solely in service of military objectives and do not imply any regime or Soviet narcotics control intent.

There are broad claims among observers in Kabul that the regime encourages opium production in areas under its control, selling seed and acting as purchaser of opium produced by tribes, particularly those whose allegiance it seeks. The regime is suspected of not being in compliance with the 1961 Single Convention on Narcotic Drugs by failing to seek authorization for apparently ongoing sales of opium to the Soviet Union.

Given the current situation in Afghanistan, there has been no cooperation between U.S. and regime authorities in drug matters, asset seizure or forfeiture. No bilateral extradition treaty exists nor any bilateral or multilateral agreements which meet the compliance standards of the Chiles Amendment.

### **B.1. Nature of Illicit Drug Production**

Opium poppy has been a traditional crop for generations in much of Afghanistan. The narcotic is widely used by Afghans for medical purposes, particularly among the elderly. Because it is a hardy crop with generally assured yield, opium poppy is regarded by many farmers as a good cash crop, although very labor intensive. About 87 percent of opium poppy production is divided evenly between two

growing areas, Nangarhar province in north-eastern Afghanistan and in the Helmand Valley in southwestern Afghanistan. Afghanistan poppy cultivation is restricted to irrigated areas.

### **B.2. Factors Affecting Production**

Most knowledgeable observers believe that opium poppy production could increase by an additional hundred tons in 1989, in the absence of strenuous education, aid and anti-drug efforts by concerned western countries and Pakistan. This growth in production will be due largely to favorable weather conditions already existing in December, 1988; the collapse of regime control in poppy-growing areas along the Pakistani border; and the desire of millions of Afghan refugees, both internal refugees and those currently living in Pakistan and Iran, impoverished by the most destructive war in their history, to engage in poppy cultivation to make ends meet.

For those who have remained in the Afghan rural areas, the incentives for increasing production are also strong. The Soviet invasion and occupation has resulted in extensive destruction of the traditional agricultural base including orchards, vineyards, and water systems, forcing Afghans to rely more heavily on opium as a vital cash crop. Moral and even religious considerations that might have militated against production of a narcotic drug under these circumstances have been subordinated to imperatives for survival.

The Soviet withdrawal from Afghanistan will probably have contradictory influences on production. The Soviet occupation force became a significant local market for narcotics, particularly hashish, spurring opium and cannabis production and trafficking. This market will be eliminated in 1989, however, and the temporary collapse of order in various parts of the country, occasioned by the withdrawal of Soviet forces, may act as a stimulus for production and lead to increasing efforts by Afghans to market their product abroad.

The Iran-Afghanistan border continues to see a rapid expansion of the narcotics trade. Baluchi tribesmen from Afghanistan, as well as some from Pakistan, are major traders in the area, relying on tribal links with Baluchis

native to Iran. Heroin is a principal trade item with profits from sale of heroin trafficked from and through Afghanistan used to purchase Persian carpets and bulk goods such as textiles, canned food and small electronics items.

address the problem. Moreover, as the regime continues attempts to woo political and military support from tribal groups in the Afghanistan/Pakistan border areas, it appears likely that it will rely ever more heavily on a tactic of cooperation in opium production with these traditional opium producers.

### B.3. Maximum Achievable Reductions

Under current circumstances, it is not realistic to anticipate either a change in the regime's attitude toward narcotic production and trafficking or in the regime's capacity to

### B.4. Methodology for Estimates

One hectare yields 30.7 kilograms of opium. A total of 750 metric tons of opium were produced on 23,000 hectares in 1988.

### C.1. Statistical Tables

A. SUMMARY TABLES for CY		1990 est.	1989 est.	1988	1987	1986	1985
OPIUM							
Cultivation	[ha]		23,000	23,000	18,500	10,000	15,000
Eradication	[ha]		-	-	-	-	-
Harvested	[ha]		-	-	-	-	-
Yield	[mt]		750	750	600	325	450
B. DATA TABLES for CY		1990 est.	1989 est.	1988	1987	1986	1985
Cultivation (Gross)							
Opium	[ha]		23,000	23,000	18,500	10,000	5,000
Potential Prod (Gross)							
Opium	[mt]		750	750	600	325	450
Net Cultivation							
Opium	[ha]		23,000	23,000	18,500	10,000	15,000
Net Production							
Opium	[mt]		750	750	600	325	450
Refining							
Heroin	[mt]		-	-	-	-	-
Hashish	[mt]		-	-	-	-	-
Seizures							
Heroin	[mt]		-	-	-	0.99	-
Cocaine	[mt]		-	-	-	0.68	-
Other Cannabis	[mt]		-	-	-	3.40	-
Arrests							
			-	-	-	333	-

# INDIA

## A.1. Status of Illicit Narcotics Production and Trafficking

Government of India officials are very concerned that India has become a major transit country for narcotics produced in neighboring countries — particularly Pakistan and Afghanistan. Unofficial estimates are that 30 to 40 metric tons of heroin transit India from Pakistan each year. Frequent arrests of individuals enroute by air to Europe or Africa, carrying heroin originating in Pakistan and Afghanistan, give credence to this concern.

To the east, heroin originating in Burma and Laos is also of increasing concern. Burmese laboratory operators reportedly prefer to buy Indian-manufactured acetic anhydride (AA) over its Chinese-manufactured counterpart because of its high quality and cheap price. An increasing amount of the heroin produced in the Burmese laboratories using Indian AA is thought to transit India en route to Europe or North America. The GOI has increased legal sanctions for those caught near the Burmese border with AA in their possession, has reorganized its operations on the border, and had been regularly exchanging information with the Burmese government. Indian officials say there also is evidence that some cannabis flows into India from Nepal, and that some high grade No. 3 Heroin from Bangkok is moving into Nepal for transshipment either directly to the west, or to India for further transshipment.

The U.S. is encouraging increased cooperation and improved lines of communication among enforcement agencies of India and Pakistan, Burma and Nepal, and India has signed Memoranda of Understanding with Pakistan and Burma. Bombay and Delhi are the dominant transshipment points for narcotics in India, with air being the preferred transit route. Madras also has played an important role in shipments via Sri Lanka. A considerable quantity of narcotics also leaves by sea, primarily from Bombay.

India's licit opium cultivation has become an important source of illicit opium and heroin.

India is the world's leading producer of licit opium gum; total licensed output in the 1987-88 crop year was approximately 600 mt, down from about 800 mt in 1986-87. Output will be around 480 mt in 1988-89. India is bringing licit production down below estimated market demand (600 mt per year), but indications are that India, which already stockpiles 2,000 mt of opium gum, continues to lose sales to producers of concentrate of poppy straw.

The government admits that some opium is diverted from licit production for heroin production but believes little of this opium is exported. Unofficial estimates vary, from 5-10 percent of the 600 mt produced to as much as 10-20 percent, which would mean diversion of 60 to 120 mt in 1988. The discovery of three heroin labs and unconfirmed reports of at least 50 such labs operating in India suggests the emergence of a domestic heroin refining capability.

Heroin is abundantly available in Delhi, Calcutta and Bombay (normally Heroin No. 3, commonly identified as "brown sugar"). The recent street price of No. 3 Heroin was about US\$5/gram, unchanged from 1987.

A money laundering system of great sophistication, the *havalas* system, has been in existence in India perhaps for centuries. This is an extremely well organized, informal banking system through which members can transfer literally millions of dollars from India to foreign countries by word of mouth. The *havalas* is only one element of the "underground economy" in India, involving a broad range of consumer goods, foreign currencies (particularly dollars) and gold that extends far beyond the narcotics sector.

## A.2. Accomplishments in 1988

New legislation in 1988 significantly improved the GOI's ability to combat illegal narcotics activities. During the year, authorities reported seizing almost 6,000 kilos of heroin and opium, and over 1.5 mt of methaqualone.

Seizures of opium diverted from licit production declined from 8.8 mt in 1986 to 1.8 mt in 1988, as a result of better controls and reduced acreage. In 1988, the India signed the United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances.

Indian narcotics officials report that last year less than ten percent of all European heroin seizures had transited India. Several years ago, the figure was as high as 35 percent. Last year, only 40 percent of seizures in the United Kingdom came through India, versus 80 percent in the previous year. Government sources believe improving interdiction techniques in India are the primary reason for this reduction, although they also note that the "Balkan route" to Europe is now being utilized to a greater extent.

Prime Minister Gandhi issued a 14-point directive aimed at intensifying anti-smuggling and anti-narcotics activities in 1988. A cabinet-level working group on narcotics, headed by the Home Minister, was also formed to set the agenda for, and oversee, drug interdiction and demand reduction policies.

### A.3. Plans, Programs and Timetables

The government believes there is little illicit domestic production in India so there are no plans, programs or timetables for the elimination of opium cultivation. However, the government appears committed to eradication of illicit production where found, and destroyed 20 hectares of opium poppy in 1988.

The cabinet working group is formulating plans for improvements in government coordination and overall anti-narcotics activities. India and the UN Fund for Drug Abuse Control (UNFDAC) agreed in 1987 on a \$20 million five-year project to strengthen India's anti-narcotics programs and capabilities. The project, now well under way, includes: (1) bolstering narcotics and forensic labs; (2) overseeing licit opium production; (3) preventive education on drug abuse; (4) dependence prevention and treatment; (5) rehabilitation and social reintegration of ex-addicts. The five-year project also has set targets for training and recruiting of additional enforcement personnel.

### A.4. Adequacy of Legal and Law Enforcement Measures

In 1988, the government continued to implement the asset seizure provisions of the 1985 Narcotic Drugs and Psychotropic Substances Act. It also continued its reward system to encourage law enforcement officials to seize illicit drugs. The reward system is reportedly languishing, however, because of inadequate lab facilities to test the purity of the drugs and hence their value—upon which the reward is based—on a timely basis, and because the amount of the reward is usually less than the amount of a bribe.

Also during the year, the government passed a law which provides for the death penalty upon a second conviction for large scale offenses. The law exempted some sentences from presidential pardon, provided for asset seizure and minimum sentences, and directly targeted corruption in the narcotics area. Officials convicted of bribery or other violations related to narcotics are subject to penalties applicable to drug traffickers, such as the minimum 10 year sentence. A second law provided for detention for up to two years, without trial, for suspected offenders. Despite these impressive legal achievements, however, enforcement of narcotics laws remains weak. For example, a survey of court cases for 1988 revealed that roughly two-thirds of arrested traffickers were released on bail, often under their own recognizance, despite a history of skipping bail. Judges are also reportedly bribed to classify traffickers as addicts who are treated more leniently.

New asset forfeiture legislation has improved efforts against money laundering. The law provides for freezing of assets involving domestic crime (earlier provisions were limited to customs violations). Foreign convictions can result in deposits being frozen in India, and a conviction abroad for money laundering now counts as a first major offense (see death penalty below). The Ministry of Finance's Foreign Exchange Department is concentrating on improving anti-laundering efforts for exchange control as well as anti-narcotics purposes. Government cooperation with the U.S. has been exemplary. Many cooperative efforts, including sharing of evidence, testimony, and mutual operations, have taken place.

A recently concluded bilateral narcotics control agreement with the U.S. brought India into full compliance with Chiles Amendment requirements.

The Narcotics Control Bureau (NCB), a division of the Department of Revenue, Finance Ministry, continues to strengthen its dominant role. The NCB played the key role in pushing last year's narcotics legislation. Legislation is before parliament to increase the NCB staff by 460 employees to a total of 600. The government now has some 60,000 law enforcement officials involved in anti-narcotics activities, and has completed training of an additional 1,200 enforcement officials specifically in narcotics. The NCB budget has increased to Rs. 1.2 billion in the current Indian fiscal year, a reasonable proportion of the total law enforcement budget of Rs. 28 billion. Strengthening the NCB is one of the principal objectives of the UNFAC project which has helped the NCB in its effort to attract top-flight personnel. The result is increasingly effective interdiction efforts and a steady increase in the prestige of the NCB.

Regarding the requirements of Section 2013 of P.L. 99-570, the government does not as a matter of policy encourage or facilitate the production or distribution of illicit drugs. No national-level official has been indicted for narcotics-related corruption, but a few senior-level officials at the state level have been removed because of their involvement in narcotics-related activities.

### **B.1. Nature of Illicit Drug Production**

Only small amounts of illicit opium cultivation have been discovered to date. Nevertheless, the government is well aware that activities in neighboring countries could spill over into India, and will remain alert for evidence of illicit production. No estimates are available for cannabis production, but cannabis grows wild in most areas of India and its use is accepted for religious ceremonies in many areas. Cannabis production and use are not now viewed as a significant problem by the government.

### **B.2. Factors Affecting Production**

India is situated in the heart of a major opium and hashish producing region and perceives the narcotics threat as originating from outside its borders. As a result, India's efforts are concentrated on border interdiction. Opium cultivation, however, is an enticing opportunity for thousands of small-plot, subsistence cultivators to harvest a cash crop in arid or semi-arid areas. Heroin traffickers probably also encourage illicit production. Authorities found and eradicated 20 hectares of illegal poppy north of Dehra Dun in 1988, and there have been unverified rumors of illicit opium cultivation in Uttar Pradesh, Madhya Pradesh and Rajasthan (the locus of most licit production), as well as in Gujarat and along the Kerala/Tamil Nadu border. The northeast states near Burma also would seem likely candidates for production. If current world demand for narcotics continues to increase, incentives to illegally produce and refine opium, and export heroin, will also increase.

As noted above, the government is increasingly aware of these dangers, and officials are on the alert for evidence of cultivation. The fact that three heroin refineries were discovered last year is further evidence that the threat is increasing and that enforcement officials are alert. Narcotics enforcement has improved in recent years, but even more vigilance will be required in the years ahead.

### **B.3. Maximum Achievable Reductions**

The government claims it is committed to eradicating any illicit opium and cannabis cultivation it finds in the future, as it did in 1988. Licit production has been reduced from 66,000 hectares in 1978 to just over 15,000 hectares in 1988, and licit opiate production now is below historic market demand, as India tries to sell off a stockpile of more than 2,000 mt of opium gum. Further reductions will be difficult because licit growth is a major source of income in producing areas (opium production actually has been a bi-product of poppy seed production in India).

## C.1. Statistical Tables

A. SUMMARY TABLES for CY		1990 est.	1999 est.	1998	1997	1996	1995
<b>OPIUM</b>							
Cultivation (Licit)	[ha]		12,500	15,000	22,000	23,000	-
Cultivation (Illicit)	[ha]		-	-	-	-	-
Eradication (Illicit)	[ha]		50	20	0	0	0
Harvested (Illicit)	[ha]		-	-	-	-	-
Seized	[mt]		2.5	2.8	3.4	8.8	6.8
Consumed	[mt]		250	225	225	200	200
Exported	[mt]		-	-	-	-	-
Available for refining (Illicit)	[mt]		-	60-120	-	-	-
<b>HEROIN</b>							
Produced	[mt]		-	-	-	-	-
Seized in-country	[mt]		-	-	2.6	2.7	-
Consumed in-country	[mt]		-	-	-	-	-
<b>CANNABIS</b>							
Cultivation	[ha]		-	-	-	-	-
Eradication	[ha]		1,000	1,000	0	0	0
Harvested	[ha]		-	-	-	-	-
B. DATA TABLES for CY		1990 est.	1999 est.	1998	1997	1996	1995
Cultivation (Gross)							
Opium (Licit)	[ha]		12,500	15,000	22,000	23,000	-
Opium (Illicit)	[ha]		-	-	-	-	-
Cannabis	[ha]		-	-	-	-	-
Hectares Eradicated							
Opium (Illicit)	[ha]		50	20	0	0	0
Cannabis	[ha]		1,000	1,000	0	0	0
Crops Eradicated							
Opium (Illicit)	[mt]		1.50	0.64	0	0	0
Cannabis	[mt]		-	-	-	-	-
Net Cultivation							
Opium (Illicit)	[ha]		-	-	-	-	-
Cannabis	[ha]		-	-	-	-	-
Net Production							
Opium (Licit)	[mt]		480	600	800	765	435
Opium (Illicit)	[mt]		-	60-120	-	-	-
Cannabis	[mt]		-	-	-	-	-
<b>Seizures</b>							
Opium	[mt]		2.50	2.80	3.40	8.80	6.80
Heroin	[mt]		4.00	3.00	2.70	-	0.76
Opiate Huak	[mt]		40.00	10.00	40.00	36.50	44.20
Morphine	[mt]		0.05	0.04	0.21	0.14	0.11
Marijuana	[mt]		20.00	17.40	13.40	36.50	9.70
Other Cannabis	[mt]		45.00	42.00	32.60	60.60	66.30
Other Drugs	[mt]		1.50	1.30	1.30	1.50	0.70
<b>Arrests</b>							
Nationals			-	1,810	1,849	-	-
Foreigners			-	208	158	-	-
Total Arrests			-	2,018	2,007	-	-

SOUTHWEST ASIA

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INDIA



**B. DATA TABLES for CY**

		<b>1990 est.</b>	<b>1989 est.</b>	<b>1988</b>	<b>1987</b>	<b>1986</b>	<b>1985</b>
Cultivation (Gross)							
Labs Destroyed							
Heroin			3	3	0	2	1
Domestic Consumption							
Opium	(mt)		250	225	225	200	200
Licit Production							
Opium	(mt)		480	600	800	765	435
Users (millions)							
Opium			4.0	4.0	4.0	4.0	4.0
Heroin			0.5	0.5	-	-	-

# IRAN

Reliable data on narcotics cultivation, consumption, or trafficking in Iran has been limited since the fall of the Shah. Little additional information has become available in the past year, but opium production levels are estimated to remain at levels similar to those in 1987.

Opium poppies are cultivated widely in Iran, but domestic production, estimated to be in the 200-400 metric ton range, cannot meet Iran's own demand for drugs. Iran's opium and heroin addict population, estimated in the international press at up to one million, requires more opiates than Iran can produce. Consequently, neighboring Afghanistan and Pakistan supply these needed drugs. Despite the high internal demand, an indeterminate but significant portion of the opiates cultivated or smuggled into Iran is shipped to the West, probably due to the higher prices available outside Iran.

The government of Iran banned opium poppy cultivation in 1980, but several regions of the country remain politically and militarily unstable and, therefore, are conducive to opium production. Although the present government insists opium poppy cultivation has been eliminated, production probably remains in the 200 to 400 metric ton range, significantly lower than the 400 to 600 metric ton figure estimated in 1979.

Iran is also a significant conduit for the transshipment of opiates produced in Afghanistan and Pakistan. Drugs enter Iran from the east and exit through its western border, essentially through Turkey. Laboratories for morphine base and heroin conversion are reportedly operating in Kurdish controlled sectors of northwestern Iran and the Baluchi sectors of southeastern Iran.

International press reports have provided information on two important enforcement developments in Iran over the past year. The first, Project Val'Adiat, implemented in early June, is designed to halt the flow of drugs being smuggled across Iran's eastern border with Afghanistan. The project is being coordinated by the revolutionary guards, the Iranian Gen-

darmerie, local police units and various revolutionary organizations (Komitahs). The government trumpeted its efforts by claiming to have confiscated incredible amounts of drugs, such as 8.5 mt of heroin during a two week span in August. Such claims, however, clearly are exaggerated and by September the Iranian press was charging that the operation had grown haphazard and inefficient, preventing authorities from gaining control over the eastern border.

The second development was the December announcement, by a special state panel which deals with matters of expediency, asking the cabinet to enforce a new law calling for capital punishment for those who buy, sell or distribute more than five kilograms of hashish or opium. The law states that peddlers of over 30 grams of heroin, morphine, codeine or methadone will be executed. First time heroin offenders will be sentenced to life and their property confiscated. The government launched a nationwide sweep when the law went into effect in January. Hundreds of drug peddlers and users have been arrested and scores have been executed, according to press reports. Some efforts have been made to curb drug imports across the eastern border, but authorities appear to be avoiding efforts to halt drug exports to Turkey and on into the Western pipeline. Under prior law, the 1985 Smugglers Act, 30 percent of the funds confiscated from and the fines paid by smugglers were used to pay rewards to informers and police.

The U.S. has no extradition treaty, Mutual Legal Assistance Treaty, or any other bilateral narcotics agreement with Iran. Iran is, however, a party to the Single Convention on Narcotic Drugs of 1954, but not to the 1972 protocol.

Iranian traffickers have been expanding their activities to the U.S. DEA reports that the center of this activity is in California, where large Iranian communities have been established and where about half the Iranian drug arrests since 1980 have been made.

Since 1980, the government has reported enormous seizures of opium, morphine, heroin

and cannabis. The accuracy of these figures cannot be verified. In 1983, the last year for which DEA has complete figures, Iran reported the seizure of more than 3.4 mt of heroin, 1 mt of morphine, 35 mt of opium, and nearly 500 kilos of cannabis. In 1984, the GOI claimed it had seized approximately 2.5 mt of heroin. During a February, 1987, conference of the

United Nations Division of Narcotic Drugs (DND), the Iranian representative claimed government officials arrested over 12,750 traffickers, including some 600 foreign nationals, during the first nine months of 1986. During the same period, over 23 mt of opium reportedly were seized, 18 mt of which were seized in Iran's three eastern-most provinces.

### Statistical Tables

A. SUMMARY TABLES for CY		1990 est.	1989 est.	1988	1987	1986	1985
OPIUM							
Cultivation	[ha]		-	-	-	-	-
Eradication	[ha]		-	-	-	-	-
Harvested	[ha]		-	-	-	-	-
Yield	[mt]		200-400	200-400	200-400	200-400	200-400
B. DATA TABLES for CY		1990 est.	1989 est.	1988	1987	1986	1985
Net Production							
Opium	[mt]		200-400	200-400	200-400	200-400	200-400

## PAKISTAN

### A.1. Status of Illicit Narcotics Production and Trafficking

Opium poppy cultivation in Pakistan in 1986 was characterized by continued shifts in cultivation from traditional growing areas to the more remote tribal areas of the Northwest Frontier Province (NWFP) where the central government exercises little control. This resulted in an estimated opium production of 205 metric tons, approximately the same as in 1987 (note: the 1988 INCSR estimate of 135-160 metric tons has been revised to 190-220 metric tons, following a revised analysis of yields). Opium production continues to be driven by the country's growing heroin addict population, now estimated to be in excess of 650,000.

By most estimates, Pakistan is a net importer of opium. Tribal areas along the border with Afghanistan remain of prime concern to the U.S. because they continue to be used as refining sites for converting opium gum into heroin as it transits Pakistan en route to U.S. and European markets. The U.S. provides assistance designed to improve enforcement and interdiction capabilities of Pakistan, as well as to support the government's public education and demand reduction activities. While enforcement efforts resulted in impressive seizures, little progress has been made against major traffickers or heroin refining sites near the Afghan border.

A strong anti-narcotics posture is evident at the top levels of Pakistan's new government. Prime Minister Bhutto has said that the opium poppy ban will be strictly enforced and has named a special assistant under her direct supervision to deal with narcotics problems. Chief of Army Staff Beg has expressed his concern repeatedly at the threat to Pakistan's stability posed by the illegal drug and arms trade. These positive pronouncements are grounds for cautious optimism about the future of anti-narcotics activities in Pakistan.

Pakistan opium and heroin production, which remain major factors in U.S. and European heroin markets, are increasingly driven

upward by indigenous heroin addiction. There are 670,000 to 1,000,000 heroin addicts according to various estimates and Pakistani addicts consume more opium than the country produces. Pakistan eradication efforts under the previous government were a disappointment in 1986.

In initial crop control efforts, the government sought to convince or intimidate farmers not to plant opium poppy. This approach was successful in traditional producing areas with ongoing development projects such as Gadoon, Malakand, and Buner, but was not applied to other major opium producing areas because development agreements were not in place. Opium growers have responded to effective enforcement by moving cultivation to regions not subject to enforcement.

Intelligence collected by DEA indicates there are more than 100 heroin labs in the NWFP. Most are situated in the Khyber Agency, which borders Afghanistan and straddles the Grand Trunk Road, the main artery connecting Khyber to the rest of Pakistan.

Much of the opium and heroin originating in Afghanistan is transported to Peshawar via the tribal areas adjacent to the Afghan border. Opium output in Afghanistan is estimated by U.S. officials at 700-800 metric tons. The border is largely uncontrolled due to the Afghan war, and there are no precise estimates of the total amount smuggled into Pakistan. U.S. assistance is aimed at helping to improve Pakistan's enforcement as well as its eradication capabilities.

Heroin No. 4 is manufactured for U.S. and European consumption. The drug generally enters the United States concealed in air and sea cargo and is also carried by couriers. Heroin for export to Europe is almost always in the Number 3 form, while local consumption in Pakistan is normally the less highly refined "brown sugar". Pakistani hashish produced from local cannabis is exported to the U.S., Canada and Europe, chiefly by cargo vessel, and is also used domestically.

Pakistan is not a major center for money laundering. The structure of the Pakistani

financial system, the existence of the hundi (private banking) system, and the large number of overseas Pakistanis who regularly transfer funds in a variety of forms, make the Pakistani financial picture extremely complicated. Several efforts to analyze drug-related funds have concluded that many Pakistanis — particularly drug traders — prefer to keep large foreign exchange holdings overseas. However, money derived from illicit internal narcotic trafficking undoubtedly has had an impact on the Pakistani economy. DEA has uncovered several instances of major traffickers who have purchased property or legitimate businesses in order to invest a portion of the money they have acquired through their illegal activities.

Law enforcement personnel in Pakistan, as in many less developed countries, are poorly paid and susceptible to bribes from traffickers. Law enforcement agencies, except in a handful of cases, have not arrested important narcotics traffickers, financiers and organizers. However, the Pakistan Narcotics Control Board (PNCB), in cooperation with Pakistan Customs, has assisted in DEA-initiated investigations (usually controlled deliveries) which have resulted in the arrest of several Pakistani traffickers in the U.S. According to U.S. Customs statistics, 59 lbs. of heroin were seized from conveyances arriving in the United States from Pakistan during 1988.

## A.2. Accomplishments in 1988

In September, the government and the U.S. signed the Tribal Areas Agreement which provides for U.S. development assistance in Bajaur and Mohmand agencies, where the majority of Pakistan's opium production has shifted. This agreement provides for a gradual introduction of the opium production ban over a five year period, and is designed to eliminate all poppy production in these agencies after that period.

Also in September, the government initiated its 1988-89 program to enforce the ban on opium poppy cultivation in other areas. The Ministry of Interior, the PNCB and the NWFP government undertook public awareness campaigns and meetings with tribal leaders to discourage planting, and issued instructions for manual destruction of planting where

reachable, with aerial eradication of the remaining poppy. Anti-opium cultivation campaigns are underway in growing areas with ongoing development projects.

The new government has indicated strong support for aerial eradication, and detailed plans have been developed to ensure that the Thrush aircraft will be ready for deployment for the spray season. This will enable the government to extend eradication into areas where topography and lack of government control have limited its access. The limited herbicidal eradication that took place during the 1987-88 growing season used INM-provided Thrush aircraft and helicopters which were reconditioned and equipped for spraying with U.S. assistance. The U.S. also assists the government's aerial spray operations with procurement of commodities, supplies and technical services. Spraying is monitored by the government's Plant Protection Agency, which reports no known adverse environmental effects.

In the wake of criticism of the previous government's performance in eliminating opium production, the new government has appointed more effective administrators in the poppy-growing areas. They have promised improved law enforcement and crop control, and with invigorated federal government support, there are grounds for cautious optimism. In cooperation with senior federal and NWFP provincial law enforcement policy makers, they have established strong, coordinated enforcement plans for the 1988-89 growing season. In a step which will help provide the technical basis for better opium ban enforcement, the PNCB and the Survey of Pakistan (SOP) are collaborating with INM to establish an accurate and mutually acceptable system for deriving an annual opium production estimate.

Law enforcement agencies have maintained high seizure and arrest rates, but there continues to be criticism of these agencies for failing to pursue drug kingpins. Recent events, however, are encouraging, including the arrest of heroin dealer Tariq Butt in Lahore and Malik Saleem who was arrested under a U.S. extradition request.

Provincial police agencies and regional paramilitary agencies under federal control have shown increasing interest in cooperating with the U.S. in narcotics enforcement. Several have signed new agreements with the U.S.

and are establishing new anti-narcotics units in exchange for provision of equipment and training assistance. U.S. assistance to Pakistani law enforcement authorities is being streamlined and focused increasingly on those which have demonstrated their effectiveness, capability and interest in narcotics enforcement.

### A.3. Plans, Programs and Timetables

Since its inception, enforcement of the opium poppy ban has been closely linked to the provision of development assistance to each growing region. The INM Tribal Areas Development Project signed in September, 1988, will generate a major expansion of the opium cultivation ban to key growing areas. A significant by-product of the tribal areas project, assuming a continued winding-down of the Afghan war, will be increased access for government authorities to remote parts of tribal areas along the Afghan border, where an estimated 50 percent of Pakistan's opium is currently grown. It is anticipated that this will make possible effective implementation of both ground and aerial eradication efforts in these areas.

The tribal areas, however, will remain an extremely dangerous area in which to operate, even with an end to the Afghanistan conflict. The local tribesmen are fiercely independent and tend to view government intrusion into these areas as serious affronts to their sovereignty. They have increased their stock of weapons substantially during the war and are armed with a deadly array of automatic weapons, rocket launchers and anti-aircraft guns. They are capable of shooting down eradication aircraft and could probably hold off sizeable government forces if they felt their autonomy was being threatened by anti-narcotics operations.

A USAID project in the Gadoon Amazai Area Region has been amended to continue development for an additional five years because of successful poppy eradication. The project is being expanded to the adjacent, more inaccessible Kala Dhaka District, where development will eventually lead to full enforcement of the poppy ban.

In Dir District, the Dir Development Project, run by UNFDAC with a significant contribution from USAID, has been criticized for mismanagement and for failing to have a significant effect on opium production. Supported by the U.S. and other donor nations, UNFDAC is taking steps to regain operational control of the project, solve conflicts with the NWFP provincial government and get the project back on track. Assuming the success of these efforts, this major crop control project will facilitate expansion of the opium ban to Northern Dir, Pakistan's second largest poppy-growing area.

In both public statements and private conversations, the Bhutto government has made clear its intention to enforce the opium poppy ban. Detailed planning for preventive enforcement and aerial spraying is well underway, and U.S. representatives are participating at all levels. New government policy makers are consulting regularly with high level U.S. officials to ensure that cooperation is effective. The government is committed to eradicate poppy in all "settled areas" and in government-controlled irrigated areas in poppy-growing districts, including Bajaur, Mohmand and Dir. The tribal areas project in Bajaur and Mohmand have been designated for this plan, which, if successful in opening up these areas to enforcement, will make significant strides toward reducing Pakistan's opium production. Ending opium poppy cultivation will depend on funding sufficient to carry out these projects and vigorous government enforcement on the ban on production.

Growing concern over Pakistan's heroin addiction problem has led the government to establish a Drug Abuse Prevention Resource Center, with funding assistance over a five-year period from USAID. The goal will be to upgrade and centralize control over the government's demand reduction efforts, with primary focus on building public awareness and support for enforcement goals.

The government has played an active role in regional cooperation under the auspices of the South Asia Association for Regional Cooperation (SAARC) Narcotics Control Committee, and is open to increased working-level cooperation with its neighbors in law enforcement. Some courses at the PNCB Training Center have been attended by law enforcement officers from other countries in the region. Pakistani authorities have cooperated with the United Arab Emirates and Saudi Arabia in

controlled deliveries to those countries. The Bhutto government has stated its intention to improve relations with all its neighbors, as well as improving relations with the U.S.

#### A.4. Adequacy of Legal and Law Enforcement Measures

Pakistan's legal system is over-burdened with delays in the prosecution of criminal cases, including narcotics cases. The national assembly has passed a speedy trial law which should hasten trials of major narcotics offenders. Effectiveness of the asset seizure law enacted in 1987 has yet to be tested in Pakistani courts, and prosecutors are still learning how to use the law effectively.

Though evidence collected by wiretapping or electronic eavesdropping is admissible in Pakistani courts, there are no legal guidelines for its acquisition in narcotics cases. In the absence of legal authority, enforcement agencies feel constrained by civil liberties statutes, even though evidence gained through such methods can be a key to proving conspiracy. Provincial police forces have primary responsibility for users and street level pushers and distributors. Building upon provincial police attempts to reduce availability of drugs, the government has developed specialized narcotics investigation units. These units include the Special Drug Enforcement Cells (SDEC) of Customs and Joint Narcotics Task Force (JNTF) units of the PNCB.

Interdiction techniques are well understood by enforcement agencies. However, officials do not normally press conspiracy, or aiding and abetting charges, and do not use other specialized investigative techniques to develop cases against major traffickers. As a consequence, more attention is paid to interdiction than to investigative work against major traffickers. There is substantial interest among some police agencies in establishing elite narcotics investigative units. The U.S. is now focusing on assistance to such units.

One promising law enforcement approach is the government's Foreign Enforcement Agencies Cooperative Program. This program targets traffickers in the U.S. and other foreign countries, making it possible for the U.S. and

others to reach major trafficking organizations. Through it, the government permits any country to station drug enforcement personnel in Pakistan. Foreign law enforcement liaison officers may use their own informant networks to initiate and conduct investigations involving smuggling of narcotics outside Pakistan. Customs, SDEC, and JNTF units cooperate in these investigations at the request of the liaison officers and assist in all cases requiring controlled deliveries of narcotics to foreign countries. Such deliveries have resulted in the arrest of a number of mid-level traffickers in the U.S.

Concerning the requirements of Section 2013 of P.L. 99-570, the government does not as a matter of policy encourage or facilitate the production or distribution of illicit drugs. No senior official has been indicted for narcotics-related corruption. Working-level corruption, however, remains a problem.

An extradition treaty exists between the U.S. and Pakistan but Pakistan has not extradited a drug offender to the U.S. for several years. As mentioned previously, asset seizure legislation, passed in 1987, has yet to be tested in Pakistani courts. Pakistan is in substantial compliance with Chile's Amendment requirements through a series of existing bilateral agreements and as a party to the 1961 Single Convention on Narcotic Drugs.

#### A.5. Domestic Drug Abuse

The PNCB reports that the number of heroin addicts increased to 670,000 in 1988 from 660,000 reported in 1987, although some estimates exceed the one million level. The PNCB estimates there are also approximately 260,000 opium addicts. There are 26 treatment centers having both inpatient and outpatient narcotics facilities. 300 beds are available for inpatient addiction treatment. These centers, using the "cold turkey" approach coupled with symptomatic treatment of withdrawal pains, have a reported cure rate of approximately 20 percent but with an unknown number of relapses.

### **B.1. Nature of Illicit Drug Production**

The PNCB is unable to estimate the amount of heroin refined in production centers of the Khyber and Mohmand agencies. Nationwide heroin seizures for the first nine months of 1988 were reported as 4.5 mt. Approximately 5 mt of heroin were reportedly seized in all of 1987. U.S. officials believe that more than six tons of heroin transit Pakistan annually.

Data concerning cannabis cultivation and production are not collected. Cannabis grows wild throughout Pakistan and is systematically cultivated in Chitral and other northern areas of the country. There is no licit production of narcotics in Pakistan.

### **B.2. Factors Affecting Production**

In 1987-88, the government publicized widely its intention to enforce the poppy ban, warning farmers that if they persisted in planting opium poppy, crops would be destroyed, either manually or by aerial spraying. Negotiations with tribal political leaders also emphasized voluntary compliance, backed up with threat of eradication. Forced manual eradication and aerial spraying were delayed until late in the crop growth cycle, resulting in less than optimum effectiveness. In the few days during which aerial spraying took place, probably fewer than 200 hectares of opium poppy were eradicated. However, the relative effectiveness of aerial eradication as an enforcement tool was demonstrated. For the 1988-89 crop cycle, the government is repeating public awareness efforts and narcotics-related negotiations with tribal leaders. Paramilitary police have been stationed in development areas to discourage opium cultivation.

According to Pakistani agricultural sources, yields this year will depend on rainfall levels. Rains began after mid-December in key opium producing areas.

### **B.3. Maximum Achievable Reductions**

Through a combination of maximum enforcement efforts and poor weather conditions, the 1989 opium harvest could be reduced to the 105-175 mt range. Much of the crop is now in inaccessible tribal areas close to the Afghan border.

### **B.4. Methodology**

Estimates of poppy cultivation for the 1988-1989 growing season are based on the PNCB's land survey, as well as all other information available. This best case estimate is predicated on the following assumptions: a) the government will destroy all opium poppy in areas to which the poppy ban has been extended and in some areas to which the ban has not been extended; and b) average yield would be reduced from a normal 20 kg/hectare to about 10-12.5 kg/hectare if rains do not come in time. Assumptions regarding enforcement are based on plans, actions now being taken, and intentions to enforce the poppy ban. Assumptions on the effects of possible drought during the planting season are based on the opinion of U.S. and Pakistani experts. 1988 production estimates are based on actual yields at 41 plots in major poppy growing areas such as Adenzai, Malakand, Mohmand, Bajaur. 1989 estimates show wide variation because inadequate information is available.



**C.1. Statistical Tables**

<b>A. SUMMARY TABLES for CY</b>		<b>1990 est.</b>	<b>1989 est.</b>	<b>1988</b>	<b>1987</b>	<b>1986</b>	<b>1985</b>
<b>OPIUM</b>							
Cultivation	[ha]		12,000	13,296	11,270	7,805	2,770
Eradication	[ha]		4,000	1,708	1,300	375	10
Harvested	[ha]		8,000	11,588	9,970	7,430	2,760
Yield	[mt]		105-175	205	205 (a)	150	55
<b>B. DATA TABLES for CY</b>		<b>1990 est.</b>	<b>1989 est.</b>	<b>1988</b>	<b>1987</b>	<b>1986</b>	<b>1985</b>
<b>Cultivation (Gross)</b>							
Opium	[ha]		12,000	13,296	11,270	7,805	2,770
<b>Potential Prod (Gross)</b>							
Opium	[mt]		159-265	235	225	155	55
<b>Hectares Eradicated</b>							
Opium	[ha]		4,000	1,708	1,300	375	10
<b>Crops Eradicated</b>							
Opium	[mt]		50-85	30.0	20.0	7.0	0.2
<b>Net Cultivation</b>							
Opium	[ha]		8,000	11,588	9,970	7,430	2,760
<b>Net Production</b>							
Opium	[mt]		105-175	205	205 (a)	150	55
<b>Seizures</b>							
Opium	[mt]		3.4	2.7	3.0	3.0	2.3
Heroin	[mt]		3.0	4.5	5.0	2.6	5.5
Marijuana	[mt]		85.0	80.0	90.0	80.0	90.0
<b>Arrests</b>			34,000	26,500	35,000	39,000	10,072
<b>Users (thousands)</b>							
Opium			270	260	270	270	315
Heroin			750	670	660	500	350
Other Cannabis			580	250	580	580	800
Other Drugs			56	-	56	56	-

(a). Pakistan's 1987 net opium production has been revised from 150 to 205 metric tons as a result of new yield information.

## BURMA

### A.1. Status of Illicit Narcotics Production and Trafficking

Following the September 18 military takeover and brutal suppression of peaceful demonstrators, the United States suspended all non-humanitarian assistance to Burma until normal conditions are restored. With suspension of assistance, there is limited contact with the current military government which makes the data on narcotics in Burma even more uncertain.

The primary focus of anti-narcotics efforts in Burma remains the illicit production of opium and its derivatives. Trafficking from Burma's producing areas to neighboring countries is also a major concern. Burma is not a money laundering country.

Despite the past cooperative efforts of the U.S. and Burmese governments, Burma remains the largest producer of illicit opium in the world. The major portion of this crop is produced in areas under the control of insurgent/drug trafficking groups. This has not only hampered government eradication efforts but has been a major stumbling block in the Embassy's efforts to arrive at an accurate estimate of the crop. While reporting has improved, there remain significant gaps which make accurate estimates of areas of cultivation and yield factors difficult. There remains a broad difference between U.S. estimates and those of the Burmese government. Burmese estimates do not include many of the areas under insurgent control where the government has limited access.

The growing season in Burma spans portions of two calendar years, September to March. For statistical purposes, the growing season September 1987 to March 1988 is reported as the 1988 crop. Additionally, a range is given for crop estimates and yields. A midpoint value is used for statistical tables. The Burmese estimate the 1988 crop at approximately 80,000 hectares with an average yield of 10.8 kilograms per hectare for a total production of 864 metric tons of opium. Based upon the best information available, U.S. offi-

cial estimate the 1988 cultivation at 87,656 to 120,744 hectares (net after eradication) with an average yield of 12 kilograms per hectare. Net production for 1988 is estimated by U.S. officials to be 1,065 to 1,600 metric tons of opium. A midpoint value combining these two estimates, which is used in the statistical tables, is net cultivation of 104,200 hectares producing 1,283 metric tons of opium. Again in the 1988 season, the confluence of excellent weather, economic conditions, increased planting, use of fertilizers and labor intensive cultivation, and centralized control by the Burma Communist Party (BCP) of most poppy growing areas, resulted in an increase in opium production.

Decreased planting was noted in areas west of the Salween River but this was offset by increased planting in the so called "black" (or insurgent controlled) areas east of the Salween. Favorable weather increased the yield in some areas but the average increase was offset by drought conditions in other areas. Again this year, the Embassy believes it is getting more accurate information on the crop and continues to be more confident of its estimates given for production.

The cultivation and refining of opium into its derivatives occurs primarily in areas not under control of the Burmese government. Most cultivation occurs in areas under control of the BCP while the Shan United Army (SUA) still maintains control of Thai/Burma border areas where many refining operations are located. A major portion of the illicit narcotics leaving Burma still passes across the Thai border, although routes to India, China, and to the south have gained in importance. These routes are used by other insurgent groups such as the Kachin Independence Army (KIA) and the Shan State Army-North (SSA-N). Sino/Thai traffickers purchase the major portion of the drugs moving across the Thai border and Indian traffickers are the purchasers on the Burma/Indian border. More activity has been noted at the Chinese border with Burma, resulting in illicit drugs moving through China to Hong Kong and other locations.

Illicit narcotics leave Burma in various forms including opium, pitsu (impure morphine base), morphine base, impure heroin base, and Heroin No. 4. There are no reliable data on trafficking and contraband movements. One unofficial analysis estimates that 35 to 40 metric tons of refined narcotics, in one form or another, were produced in refineries in Burma from the 1988 crop. Of this amount, 15 to 20 metric tons were produced in northeastern Shan State refineries and approximately 20 metric tons were produced in the Thai/Burma border refineries. Further, it is estimated that 25 metric tons of raw opium moved out of Burma through southern Thailand while 40 to 50 metric tons of raw opium moved into China, India, Bangladesh, and international sea shipments. Prices have declined steadily with one unit of Heroin No. 4 (700 grams) bringing \$1,600 to \$1,800 at the Thai/Burma border in December, 1988, as compared to \$4,050 per unit in December, 1987.

The drug trade in Burma is controlled by insurgent groups of different origins. The BCP started as ideological revolutionaries; some groups are ethnic separatists like the Kachin, Lahu, and Wa; others are profit-oriented warlord smugglers like Chang Chi-Fu (aka Khun Sa) of the SUA (recently renamed the Mong Tai Army or MTA). Several of the insurgent/trafficker groups have ties with business groups and local officials outside the country. Although the BCP claims an ideological alignment with the international communist movement, in recent years the organization has shifted to a more concentrated involvement in drug trafficking. None of the existing insurgent groups are viewed individually as a significant threat to the stability of the central government. However, they do continue to be a constant drain on material and human resources which has a great impact on the government's ability to deal with other national problems. Further, they dominate most of the border areas.

## A.2. Accomplishments in 1988

The Burmese government proclaims its commitment to eliminating illicit narcotics production and destroying the organizations that grow and traffic in narcotics. The issue is regarded by the government as a matter of

national security. The Burmese are convinced that the narcotics trade must be destroyed as it gives the insurgencies resources to purchase arms in the international market.

Prior to the political upheaval in Burma during the summer of 1988, the government was continuing efforts to cope with the narcotics/insurgent problem at great cost in both financial and human resources. With the realignment of priorities in the military due to civil unrest, the pressure on trafficking groups was relaxed during the latter portion of 1988. The 1988 poppy eradication campaign was initiated in the eastern Shan State in December 1987 and moved to the northern Shan State in January of 1988. Spraying operations were unexpectedly terminated by the government in late January, and U.S. requests to continue operations and spray in areas not totally secure were rejected. The Burmese government claimed a total destruction of 16,656 hectares. The reported destruction included 10,318 hectares by aerial spraying and 6,338 hectares by manual eradication. U.S. estimates of eradication, however, differ from the Burmese figures. An estimate of 12,500 hectares has been provided by U.S. experts. For the first time, a spray plane was damaged by hostile fire during operations. The plane was not lost. An accident in the eastern campaign claimed the life of one pilot and loss of one spray aircraft.

During the first half of 1988, Burma Army (BA) units continued to show tenacity in anti-narcotics operations. In the largest anti-narcotics operation of its kind, the Army launched Mohein XII against combined elements of the BCP, Wa National Army (WNA) and the Third Chinese Irregular Forces (3rd CIF) in the Pang Tong/Doi Ang Khang and Doi San Chu areas of the Thai/Burma border. These actions, which cost the BA 39 killed in action and 350 wounded, resulted in the destruction of three refineries and the seizure of large quantities of processing chemicals and equipment. Army units remained in the area until late summer, disrupting normal drug trafficking operations.

In March, two BA companies conducted an operation against a Shan United Army (SUA) chemicals cache northeast of Mong Kwan in the southern Shan State. After clashes with a SUA patrol and guard post, BA troops located two underground storage sites which yielded 344 liters of precursor chemicals. The Army had one killed and six wounded in the operation.

Reports received from the People's Police Force (PPF) during the first six months of 1988 showed improving performance by the PPF task forces. No reports are available beyond that period, but the local press reported seizures of 36 kilograms of heroin from October 27 to December 7 by PPF elements. In May, the Mandalay PPF searched a pick-up truck at the Amarapura police station and discovered 3.2 kilograms of Heroin No. 4. In two separate cases, another 2 kilograms of heroin were seized. Focusing on the railways, the PPF arrested five suspects and seized 3.5 kilograms of heroin in June.

Annual seizure and arrest figures will not be available for some months, but reports received from the PPF for the first six months of the year show 913 narcotics related cases opened for investigation, resulting in the seizure of 620 kilograms of opium, 43 kilograms of morphine, 45 kilograms of Heroin No. 4, and 200 kilograms of marijuana. Large amounts of precursor chemicals were also seized.

### A.3. Plans, Programs and Timetables

In the past, the government has emphasized action in five areas to accomplish its narcotics suppression program: limiting and reducing opium production; preventing the movement of narcotics from producing areas to processing centers and foreign markets; striking at processing centers and trafficking organizations; substituting other forms of income for the raising of poppies; and reducing Burma's domestic demand for narcotics.

Past U.S. assistance focused on Burmese enforcement activities. However, the U.S. believes that the narcotics battle in Burma cannot be won by enforcement alone but must be coupled with a political accommodation with the minority ethnic groups who grow the poppy and economic development in the remote areas where the illicit crops are produced.

### A.4. Adequacy of Legal and Law Enforcement Measures

Burma's Narcotics and Dangerous Drug Act of 1974, amended in 1983, provides stiff penalties and legal sanctions against every aspect of narcotics production, processing, trafficking and use. Asset seizure is built into the basic law, negating the necessity for separate legislation. Penalties for narcotics violations range from fines to capital punishment. Burma is not a money laundering country and no need exists at the present time to consider legislation in this area.

Since much of the narcotics producing area is outside government control, and because the problem is so widespread, Burmese enforcement agencies have had limited success in enforcing the narcotics law. When offenders are apprehended and convicted, however, the courts often impose severe sentences. Since 1986, courts have handed down 8 death sentences for drug trafficking although no death sentences have been carried out to date. The Burmese government has established a system of rewards for information leading to the arrest and conviction of narcotics users and traffickers and seizures of narcotics drugs.

There are no legal uses of heroin for medical treatment or scientific experimentation in Burma. Government anti-narcotics efforts are coordinated by the Central Committee for Drug Abuse Control (CCDAC). The CCDAC is chaired by the Minister of Home and Religious affairs, with a deputy minister serving as secretary. Deputy ministers from six other ministries and the heads of various sub-committees are represented. The CCDAC establishes policy and coordinates anti-narcotics activities throughout the country.

The principal enforcement agencies are the People's Police Force, the Burma Army and Air Force (BAF). Subsidiary agencies involved in narcotics control are the National Intelligence Bureau (NIB), the Directorate of Defense Services Intelligence (DDSI), the Bureau of Special Investigations, and the Customs Service (both internal and external). Narcotics related corruption remains a problem at the local and field levels. In the past, the U.S. has provided information to assist it in dealing with this problem and the government has acted on such information. With regard to the requirements of Section 2013 of P.L. 99-570, the government of Burma does not as a matter

of government policy encourage or facilitate the production or distribution of illicit drugs. No senior official has been indicted for narcotics corruption.

Existing agreements between the U.S. and Burma, as well as multilateral agreements to which both are a party, fulfill the requirements for cooperation on narcotics control as required by the Chiles Amendment. An extradition treaty is in force between the U.S. and Burma, but neither country has made an extradition request for some time.

There are no third country narcotics control officials stationed in Burma. Narcotics attaches based in neighboring countries pay periodic visits and consult with officials. Bilateral anti-narcotics assistance has been limited to some direct grant assistance from Australia, the Federal Republic of Germany, and Great Britain. The Germans have provided some training grants and police equipment, the British provided road-building equipment, and an Australian grant purchased vehicles for the police in 1985.

UNFDAC is currently operating under its third five year program (Phase III) which is funded at \$10.5 million (1986-91). The Burmese local currency commitment to the five year program is equal to approximately \$ 13.5 million. The program is not limited to law enforcement but includes assistance in crop substitution, livestock breeding, medical treatment of addicts, rehabilitation, education and information. However, the status of the program is currently uncertain, with the UNFDAC field advisor temporarily reassigned to duties in Thailand.

Anti-narcotics training is included in the basic training given by the People's Police Force (PPF). Course guidelines and materials have been provided by the U.S. to the PPF to upgrade the courses. U.S. training has been provided to command level officers in past years. The improvement noted in police narcotics investigations is an indication that training is starting to pay dividends. The Burmese recognize that there is an urgent and continuing need for drug enforcement training to enhance the capabilities of the PPF to perform its basic tasks.

## A.5. Domestic Drug Abuse

Anti-narcotics preventive education is carried out by both the Ministry of Education (school lectures, exhibitions, and competitions) and the Ministry of Information (newspapers and publications, radio and television programs). The Ministry of Health is responsible for drug treatment and detoxification. The Ministry of Social Welfare is primarily responsible for the drug rehabilitation program, although a number of other ministries have contributed resources to rehabilitation centers. The Ministry of Health supervises 26 treatment and detoxification centers with a combined capacity of 730 beds: 100 beds at the Rangoon Psychiatric Hospital, 25 at the Taunggyi Sao Sam Htun Hospital, 50 beds at the Myitkyina State Hospital, 30 beds at the Pekhon Treatment and Rehabilitation Center, 300 beds at the Thayet Hospital, and 10 each at 20 other township hospitals.

Heroin addicts are provided with 10 weeks of detoxification treatment and estimated annual capacity is 3,500-4,000 addicts. While a growing domestic addiction problem was a major catalyst in the 1974 decision to establish an active narcotics control policy, the government has reported a stabilization in addiction rate and a decline in heroin addiction in the past three years. However, there are indications that heroin usage may be on the upswing. Addicts are required by law to register; treatment and rehabilitation are compulsory. According to the Ministry of Health, there are approximately 48,000 registered addicts in Burma. Out of this total there are 10,000 heroin addicts, 33,000 opium addicts, and another 5,000 addicted to other drugs, including polydrugs and marijuana. A major problem for the health authorities has been the steadily growing abuse of polydrugs in combination with alcohol.

Some observers estimate that the total number of addicts may be three times higher than the number of registered addicts. There is no available information for overdose deaths for 1988. It is impossible to make an accurate estimate of the amount of illicit narcotics consumed, but commonly accepted estimates put the figure at one kilogram of opium or equivalent per addict per year. Assuming 120,000 narcotics addicts in Burma, based upon Burmese observers' estimates, the required internal consumption would total 12 metric tons of opium per year. However, studies done of

hilltribe populations in Thailand showed an addiction rate of ten percent in those groups located in the poppy growing areas. With an estimated hilltribe population of 6 million, this could amount to some 600,000 addicts if the demographics of that study hold true. Although we cannot assert that local consumption requires 600 metric tons of opium or equivalent, substantial hilltribe usage could account for large quantities of the estimated annual crop. We believe that we can conservatively estimate a consumption of 400 metric tons by this population.

### B.1. Nature of Illicit Drug Production

The main concern in Burma lies with the production of opium and its derivatives. Burma is one of the world's major opium growing areas producing approximately 1,283 metric tons in the 1988 season. Opium is cultivated in tens of thousands of small fields, primarily in northern and eastern Burma, dispersed across a cultivation area roughly the size of Louisiana. The principal cultivation regions are in the Shan, Kachin, and Kayah states, although some poppy is grown in areas of the Karen State and Mandalay Division which border these primary states and in the Chin State. Opium has historically been grown by the hilltribes but the current level of production can be directly attributed to the increased involvement of various insurgent groups in the international drug trade to support their activities.

Most refining locations remain near the Thai/Burma border but increased refining activity has been documented in areas away from the border under the control of the BCP, the SUA, and the Kachin Independence Army (KIA). There is no licit production of opium, coca, methaqualone, cannabis, amphetamines, barbiturates, or precursor chemicals in Burma. Burma has no plans to initiate licit production.

In the growing areas, narcotics form a major portion of the local economy. Farmers grow opium poppy for a variety of motives: to supplement income; as a principal cash crop to raise living standards above the subsistence level; and in response to coercion by insurgent groups. In the growing areas controlled by the

BCP, there are numerous reports of farmers being forced to grow opium at the expense of food crops. There are no reliable figures on what percentage of the annual production remains in Burma for local consumption although internal consumption can be conservatively estimated at 400 metric tons per year.

### B.2. Factors Affecting Production

The Shan plateau is the principal poppy growing area. It extends almost the full length of the Shan State and has an average elevation of 1,000 meters. It is mountainous throughout with some peaks over 2,500 meters. Poppy fields range from 0.1 to 4.0 hectares with an average size of 0.5 hectare. In addition to fields in more inaccessible areas, fields are often clustered near villages and are separated from them by hedges, paths, and drainage ditches.

Burma's tropical climate is dominated by two subcontinental monsoons. The southwest monsoon brings the rainy season which extends from June to October. During this period the Shan plateau receives approximately 90 percent of its annual 80-inch rainfall. The annual mean temperature is 80 degrees. Except for seasons of drought, the terrain and climate are near the world's best for poppy cultivation.

The government has minimal or no political, administrative, military or enforcement presence in most of the opium producing areas. Roads extending into these often remote and rugged regions are primitive or non-existent. Large portions of the Shan and Kachin states are contested by or under the influence of insurgent groups. Burma is the most ethnically diverse country in Southeast Asia. The dominant ethnic group, the Burmans, represent approximately 72 percent of the population. The principal ethnic minorities including the Karen (7 percent), Shan (6 percent), Indian (6 percent), and Chinese (3 percent) comprise the remainder. The country's most recent history is one in which various minority ethnic groups have been locked in a continual struggle with the predominately Burman central government.

At present, the government has nothing to entice farmers away from growing poppy as a

major cash crop. The farmer never has to leave his land to market the opium. Seed is delivered and the crop is picked up by the buyers. The government would not be able to institute substitute crop programs in these areas due to the lack of roads and infrastructure.

unlikely until expanded eradication and enforcement efforts are coupled with a political settlement which includes participation of the ethnic minorities and economic development in the growing areas. Government preoccupation with internal political problems, in all probability, will result in increased production and trafficking in Burma in the near term.

### B.3. Maximum Achievable Reductions

Most poppy cultivation, refining, and transportation occurs in areas not under the control of the Burmese government. A significant reduction in illicit drug production is

### B.4. Methodology of Estimates

The following figures, based on official Burmese reports and other sources, are imprecise.

### C.1. Statistical Tables

The estimate is that net opium production in 1988 was in a range of 87,656 to 120,744 hectares, yielding a net, after eradication of 12-16,000 hectares, of 1,065 to 1,500 metric

tons of opium gum. For calculation purposes, the tables below use midpoints of ranges as estimates.

A. SUMMARY TABLES for CY		1990 est.	1989 est.	1988	1987	1986	1985
<b>OPIUM</b>							
Cultivation (a)	[ha]		110,000	116,700	92,300	91,056	70,000
Eradication	[ha]		-	12,500	16,279	13,597	9,551
Harvested	[ha]		110,000	104,200	76,021	77,459	60,449
Yield	[mt]		1,320	1,283	836	620	350
Loss Factor	[mt]		132.0	128.0	0.8	0.6	0.4
Seized	[mt]		-	0.6	1.3	1.5	2.0
Consumed	[mt]		400	400	300	300	250
Exported	[mt]		100	75	-	-	-
Available for refining	[mt]		688	679	-	-	-
<b>HEROIN</b>							
Produced	[mt]		69.0	68.0	33.0	24.0	22.0
Seized in-country	[mt]		-	0.1	-	-	-
Consumed in-country	[mt]		2.0	2.0	-	-	-
Exported (Potential)							
USA	[mt]		2.0	1.5	-	-	-
Elsewhere	[mt]		65.0	64.4	-	-	-
B. DATA TABLES for CY		1990 est.	1989 est.	1988	1987	1986	1985
<b>Cultivation (Gross)</b>							
Opium	[ha]		110,000	116,700	92,300	91,056	70,000
<b>Potential Prod (Gross)</b>							
Opium (b)	[mt]		1,320	1,400	1,015	728	490
<b>Hectares Eradicated</b>							
Opium (c)	[ha]		-	12,500	16,279	13,597	9,551

<b>Crops Eradicated</b>						
Opium (d)	[mt]	-	117	179	109	93
<b>Net Cultivation</b>						
Opium (a)	[he]	110,000	104,200	76,021	77,459	60,449
<b>Net Production</b>						
Opium (f)	[mt]	1,320	1,283	836	620	350
<b>Refining (Potential)</b>						
Heroin (g)	[mt]	69.0	68.0	53.0	32.0	10.0
<b>Seizures (h)</b>						
Opium	[mt]	-	0.62	1.34	1.45	2.01
Heroin	[mt]	-	0.09	0.54	0.14	0.89
<b>Arrests (i)</b>		-	2,000	4,916	4,491	4,276
<b>Labo Destroyed</b>						
Heroin (j)		3	3	5	4	6
<b>Domestic Consumption</b>						
Opium (k)	[mt]	400.0	400.0	300.0	300.0	250.0
Heroin	[mt]	2.0	2.0	2.0	0.9	0.8
<b>Users (thousands)</b>						
Opium (l)		400	400	-	-	-
Heroin		15	12	9	9	9

Accurate figures do not exist for most categories. Estimates have been based upon police reports, incomplete intelligence, and other available sources. Projections are not made in some categories for 1989 since there is no way to estimate likely government actions with U.S. programs currently suspended.

- (a). U.S. Embassy estimates of cultivation are based upon analysis of locally available intelligence, Washington reporting, and previous years' reporting. In cases where estimated figures represent a range, higher of estimate figures have been used.
- (b). Gross potential production is based on an average yield factor of 12 kilograms per hectare.
- (c). Based upon figures supplied by the PPF. Includes aerial and manual eradication.
- (d). Based upon eradication figures supplied by the PPF but using higher Embassy yield of 12 kilograms per hectare.
- (e). Based upon figures in above categories.
- (f). Based upon figures in above categories. It should be noted that the 10 percent loss factor included in summary tables is not deducted here.
- (g). Refining figures based upon intelligence of amounts reaching border refineries and refineries in northern areas. Information available to Embassy does not permit breakdown into various refined products. Figures shown for heroin also include heroin base and morphine base.
- (h). Figures are based on partial statistics provided by PPF for the first six months of the calendar year. All refined products are listed under heroin since more detailed information is not available.
- (i). See above.
- (j). Based upon Burmese government reports.
- (k). Opium usage is based upon government estimates of addicts and includes a conservative estimate of hilltribe population usage. Heroin usage based is upon Burmese government estimates of heroin addicts.
- (l). Opium user estimate includes Burmese government estimate of opium addicts in areas under governmental control and projects a conservative rate of addiction of hilltribe populations. Heroin estimates are based upon estimates of addicts in areas under governmental control.



# SINGAPORE

## A.1. Status of Illicit Narcotics Production and Trafficking

Singapore neither produces nor processes narcotics, but has a significant internal drug trafficking and consumption problem. Drug programs within country pursue both a supply and demand reduction strategy. This approach results in the arrest of both drug traffickers and large numbers of addicts, who are arrested and detained for treatment and rehabilitation.

The Ministry of Home Affairs (MHA), the controlling body for the Central Narcotics Bureau (CNB), is aware of Singapore's internal drug problem and believes that it is being contained. The CNB provides international cooperation through the DEA in monitoring drug courier traffic, maritime smuggling, and intelligence sharing. Singapore is a leader in exemplary rehabilitative programs.

While recent reporting indicates a decline of Singapore Customs in drug enforcement activity, new leadership has reinstituted search techniques and appears eager to expand revenue generating activities. Increased air and port searches for contraband and taxable goods should aid narcotics interdiction.

Singapore recently seized 32 kilograms of Heroin Number 4 in two separate incidents. The one 24 kilogram seizure represents the second largest Heroin Number 4 seizure in Singapore's history. The heroin seized in this case was not intended for local consumption. To date, there is no information suggesting that Heroin Number 4 is being reconverted to Heroin Number 3 for local distribution or consumption.

There is no evidence of large drug syndicates headquartered in Singapore. However, Singapore continues to be a transshipment point for Southeast Asian heroin, in addition to being a potential money laundering center.

The death penalty can be applied to individuals convicted of trafficking in 15 grams or more of heroin or 30 grams or more of morphine. The death penalty enacted in 1975 is not applicable to opium, cannabis, or danger-

ous drugs. Between 1975 and November, 1988, twenty persons were executed.

Singapore is considering legislation to add cocaine to the list of drugs to which the death penalty applies if and when a distinction can be made between a cocaine addict and a trafficker. Although cocaine has not yet surfaced, MHA officials are aware of the potential for trafficking and abuse.

Commercial aircraft and the use of couriers remain the primary method of heroin transshipment. Singapore is a major maritime port and thus has seized opium, cannabis, and heroin smuggled in ocean freighters, tankers, and medium-size craft. Marijuana smugglers continue to purchase, outfit, and repair their vessels in Singapore prior to unloading marijuana in Thai, Cambodian, and Vietnamese waters for shipment to North America and Australia.

## A.2. Accomplishments in 1988

During the year, Singapore participated in United Nations, INTERPOL, and international narcotics/terrorist meetings and forums. As an active member of the Association of South East Asian Nations, Singapore hosted the 11th Meeting of Senior Officials on Drug Matters.

One executive observation program to the United States was completed by the Deputy Secretary of MHA. A senior narcotics officer acted as an instructor for Colombo Plan training in Indonesia in July. Several other CNB officers hosted the newly formed Brunei Narcotics Control Bureau and gave instructions on organization, intelligence, and enforcement operations.

A joint CNB, customs, immigration, police task force was established at the Malaysian-Singapore causeway. Initial results showing increases in arrests and seizures have allowed CNB to request an additional forty positions in order to establish other task forces at the international airport and ports.

Bilateral discussions have continued with U.S. officials on money laundering, bank secrecy, asset seizure/forfeitures, and a Mutual Legal Assistance Treaty (MLAT). Contacts were made at the highest levels of the MHA and with the attorney general. Officials of the Monetary Authority of Singapore, the governing body for banking and financial institutions, also discussed these topics with the Associate Attorney General. Agreements among these ministries must be reached prior to enactment of any changes in the legal system.

### A.3. Plans, Programs, and Timetable

United States goals continue to be to encourage Singapore to implement draft asset seizure legislation, develop narcotics related forfeiture statutes, relax bank secrecy controls and negotiate an MLAT. The key problem area for Singapore is in its economic development strategy. Financial disclosure for investigative purposes runs counter to the existing system of bank secrecy.

### A.4. Adequacy of Legal and Law Enforcement Measures

The government has submitted a proposed anti-corruption bill (Confiscation of Benefits) "as a country determined to stamp out bribery and corruption", according to the MHA. The bill has been referred to a select committee for further study. Under this legislation, a person convicted of corruption would no longer be limited to surrendering only the gratuity for which he was charged. If his other assets are disproportionate to his known sources of income, the burden of proof would be shifted to the individual. Assets and property belonging to the accused could be frozen prior to conclusion of a case. The provisions of this bill are modeled on Britain's Drug Trafficking Offenses Act of 1986 with two clauses, 21 and 22, adapted from the Australian Proceeds of Crime Act of 1987. Presently, this bill against corruption does not include narcotics offenses.

### A.5. Domestic Drug Abuse

The 1988 INCSR reported that there were approximately 7,000 addicts in Singapore, of which about 1,000-2,000 were opium addicts. For 1989, both CNB and the Singapore Committee of Rehabilitative Enterprises (SCORE) have downgraded this to less than 6,000 addicts. However, they state there is a more than 60 percent rate of recidivism among those in rehabilitation programs.

### C.1 Statistical Tables

DATA TABLES for CY		1990 est.	1989 est.	1988	1987	1986	1985
Seizures							
Opium	[mt]		-	0.07	0.45	0.23	0.09
Heroin	[mt]		-	0.03	0.01	0.01	0.01
Marijuana	[mt]		-	0.05	-	-	-
Arrests			-	3,693	4,730	4,305	4,076
Domestic Consumption							
Opium	[mt]		-	-	0.02	0.02	-
Heroin	[mt]		-	-	0.03	0.03	-
Marijuana	[mt]		-	-	0.02	0.02	-

# THAILAND

## A.1 Status of Illicit Narcotics Production and Trafficking

Thailand is significant as a narcotics producer and as a conduit to the international market for drugs produced in neighboring countries.

Thai and Chinese/Thai financiers and middlemen play a leading role in narcotics trafficking within Thailand. Foreign involvement is substantial, especially on the part of insurgent groups in Burma which finance their activities through production and/or protection of narcotics. Western traffickers are also involved, especially in marijuana production and marketing.

Thai opium is grown almost exclusively in northern areas, usually in fields above 1,000 meters. The opium growing season begins in late August or early September, but some planting takes place as late as October. Harvesting is staggered and occurs from November until March.

Marijuana can be grown anywhere in Thailand at any time if water resources are adequate. Technical and logistical constraints to date have made comprehensive aerial photography of the marijuana crop impossible. The main marijuana crop is concentrated in the northeast and is planted in the late fall and harvested in December, January, and February. A second crop is harvested in April and May. In other regions, production is keyed to the availability of water.

Narcotics depart Thailand in many ways; by air passenger, air cargo, ocean-going transport vessels, fishing trawlers, and overland to Malaysia. The country's excellent upcountry highway system makes systematic interdiction of shipments extremely difficult. Total disruption of trafficking within the country is not feasible.

Thailand is not a major money laundering center; however, large sums of narcotics money are sent out of Thailand, largely through Chinese remittance syndicates. These syndicates bypass banking institutions, and cash itself is not usually transferred. Traffickers use legit-

imate banks to store narcotics money and to move it within the country.

According to U.S. Customs statistics, 14.5 kg of heroin and 85,837 kg of marijuana were seized from conveyances arriving in the United States from Thailand during 1988.

## A.2. Accomplishments in 1988

Opium planting during the last three crop years stabilized between 4,000 and 5,000 hectares after falling precipitously from the pre-eradication levels of 8,000 - 9,000 hectares (which were themselves only half of the level in the mid-1960s). A modest increase over 1988/89 plantings is projected, primarily because of excellent weather conditions.

Approximately 1,700-1,800 hectares of opium (or roughly 35-45 percent of the total planted) were eradicated in each of the last three growing seasons. A projected increase in 1989 eradication should keep net opium production levels at about the 1988 mark. Eradication may not result in total destruction because of pre-eradication harvesting and post-eradication recovery from surviving and regenerated plants.

Marijuana eradication in 1987 and 1988 fell below 1986 levels. This reduction reflects a substantial displacement of marijuana production from Thailand to neighboring countries as a result of the Thai eradication program during the past few years. Lacking an overall estimate of Thai marijuana production, it is not possible to determine what proportion of the crop is being eradicated.

1988 was a banner year for narcotics law enforcement efforts. Full-year data are not available, but projections can be based on trends evident through September. Drug law arrests probably exceeded 46,000 in 1988, up from 42,550 in 1987. Heroin seizures were probably almost double those for 1987 (up from 1.3 mt in 1987 to an estimated 2.4 mt in 1988). Opium and morphine seizures also increased, although at a lesser rate. Refinery interdiction

operations were undertaken regularly during 1988 with a total of ten heroin refineries immobilized by year's end.

Seizures of processed cannabis were in excess of 62 mt during 1988, continuing the steady increase observed in previous years. Some of this processed marijuana originated in neighboring countries. Consistent with the downturn in marijuana eradication, seizures of fresh marijuana declined from their 1987 level of 148 mt to about 134 mt in 1988.

Thailand maintains an ongoing and aggressive crop eradication and narcotics law enforcement program. Cooperation with U.S. law enforcement agencies is excellent, and joint efforts are being made to improve both refinery seizures and narcotics interdiction activities. Thailand has long been a leader in efforts to control the availability of precursor chemicals to refinery operators. Although Thai efforts have been relatively successful, border-based trafficking organizations have been able to arrange new supply routes. An extradition treaty between Thailand and the U.S. exists, and an attempt is currently being made to extradite an alleged narcotics trafficker to the U.S. Thailand and the United States have also signed a Mutual Legal Assistance Treaty. Thai implementing legislation is still to be drafted.

### A.3. Plans, Programs, and Timetables

Since the mid-1960's, the factor most responsible for the steady reduction in opium cultivation has been the integration of the highlands into the lowland economy and civil administrative structure. The pace at which highland development takes place is directly affected by foreign assistance. At the same time, Thai Government investment in highland infrastructure development has been substantial.

By the mid-1980's, it was clear to the government that development alone would not end opium production in the near term, and it decided during 1984/85 to add involuntary eradication to the mix of pressures being brought to bear upon opium producers. Since then, annual eradication campaigns have been carried out against both opium and marijuana. These will continue indefinitely.

Opium eradication is pre-conditioned on the provision of development assistance so that hilltribe opium producers will not experience extreme hardship from the loss of their traditional cash crop. Development assistance is not provided to marijuana producers because the recent expansion of this crop was driven by illicit commercial interests.

Narcotics interdiction efforts in Burma during the past year have been seriously impeded by domestic political developments. It is expected that this disruption, in combination with superb weather conditions in the Golden Triangle in 1988, will result in a bumper opium crop in the region. As this crop is refined, much of the finished product will enter Thailand on its way to the international market. Thai interdiction efforts will play an important role in stemming the flow of this expanded supply of heroin to the international market.

Thai opium survey activities are well established; systematic marijuana survey efforts, however, are only beginning. During the next year, the U.S. and the government will address the technical and logistical requirements of an expanded marijuana survey.

### A.4. Adequacy of Legal and Law Enforcement Measures

In general, Thai laws related to narcotics enforcement are adequate, with two exceptions; there remains a need for a more effective narcotics conspiracy law, and for a law allowing the seizures of assets generated by narcotics activities. A new narcotics control law with both asset seizure and conspiracy provisions has been approved in principle by the cabinet, is being re-drafted by the Office of the Narcotics Control Board (ONCB), and will be submitted to parliament after review by the juridical council and final approval by the cabinet. Legislation to implement the Mutual Legal Assistance Treaty signed in 1986 is being drafted by the Department of Public Prosecution and will be submitted to parliament after review by the cabinet and the juridical council; U.S. ratification of the treaty awaits the advice and consent of the Senate.

Concerning Chile's Amendment requirements, the U.S. narcotics assistance program in Thailand is carried out under the general

umbrella of the bilateral economic and technical cooperation agreement originally entered into in 1950, and replaced by an updated agreement in 1977. More specifically, cooperation in narcotics control was the subject of a Memorandum of Understanding signed in September, 1971. These two agreements, together with the annual program agreements, satisfy the requirements of the Chile Amendment.

Thailand's narcotics control efforts are seriously hampered by the lack of conspiracy statutes which would allow prosecution of individuals who facilitate narcotics trafficking but do not physically handle the illegal substances. Legislation to address this shortcoming is being drafted and should allow more aggressive investigation and prosecution of narcotics-related corruption. Concerning the requirements of Section 2013 of P.L. 99-570, Thailand does not, as a matter of policy, encourage or facilitate the production of illegal drugs, nor does any senior Thai government official do so to the knowledge of U.S. officials. No senior official has been indicted for narcotics-related corruption. Corruption of police and other officials, primarily in remote areas, remains a problem, however. The government has responded aggressively to threats against U.S. personnel engaged in narcotics control activities and has provided close cooperation in numerous narcotics investigations.

While Thailand has been very helpful in the extradition of drug traffickers pursuant to the 1924 extradition treaty in force, the United States and Thailand signed a new extradition treaty in 1983; no implementing legislation, however, has been enacted by Thailand to bring the new treaty into force. Extradition requests are processed in accordance with the requirements of the Thai legal system which, in one current case, resulted in delays in effecting extradition. In general, Thai authorities have cooperated fully in processing U.S. extradition requests, as well as requests for deportation of fugitives from Thailand to the United States. A mutual legal assistance treaty has also been signed and is awaiting approval by the legislatures of both countries.

## A.5. Domestic Drug Abuse

Drug addiction has been recognized as a significant public health problem since the 1950's. In 1958/59, Thailand outlawed opium production and use in an effort to eliminate opium addiction. A major treatment facility (Thanarak Hospital) was set up by the Ministry of Public Health to assist in the treatment of existing addicts. Within a year, this facility began to see heroin addicts in its patient population. These addicts reflected an initial epidemic of heroin use which peaked before the mid-1960's. A second epidemic occurred during the late-1960's and 1970's.

The two epidemics contributed heavily to the large population of heroin addicts which exists in Thailand to this day, despite aggressive drug abuse treatment and prevention efforts by many public and private organizations. Opium addiction among the hilltribes is a major factor in prolonging opium production.

Drug abuse treatment efforts include inpatient detoxification, outpatient detoxification, therapeutic communities, religiously-oriented rehabilitation institutions, and self-help efforts. Both the national level Ministry of Public Health and the Bangkok Metropolitan Health Department have active treatment and rehabilitation programs. Prevention materials are well integrated into the educational curriculum developed by the Ministry of Education, and many agencies work to inform the general public about the dangers of drug abuse.

Estimates of the size of the drug-using population in Thailand are imprecise. The illegal status of the drugs used in Thailand ensures that addicts try to avoid detection. Treatment programs are voluntary and patients move readily from one to another. Thus, treatment statistics often involve double-counting. Estimates of the drug abusing population used in this report, therefore, are lower than used by other sources.

## B.1. The Nature of Illicit Drug Production

The main illicit drugs produced in Thailand are opium and its refined derivatives, marijuana, and illicit amphetamines. There is no licit production of opium, coca, methaqua-

lone, or amphetamine. There is limited formulation of imported barbiturate powder into pill or capsule form. Opium is produced by hilltribe farmers who have grown it for centuries, for use as an analgesic, as an aid in the treatment of gastrointestinal and pulmonary diseases, and (most importantly) as a cash crop. Addiction among hilltribe opium producers may be as high as ten percent.

Unlike opium cultivation, which has been intertwined with the culture and economy of the hilltribes for hundreds of years, commercial marijuana cultivation is a relatively recent phenomenon. The government considers the cultivation of marijuana to be a criminal act done for profit, and enforcement programs are conducted accordingly.

Some heroin refining is done within Thailand, but the bulk of Golden Triangle opium is refined into morphine and heroin elsewhere and trafficked through Thailand into the international market. Interdiction of finished products is thus the primary objective of narcotics control efforts in Thailand.

## B.2. Factors Affecting Production

At present, Thai opium production is driven primarily by its cash crop utility and secondarily by the high levels of opium addiction among the hilltribes. With systematic crop eradication and the availability of alternative crops, opium is less attractive as a cash crop, yet substantial numbers of hilltribe farmers persist in planting it. Growers have learned that there are limits to the government's eradication campaign and that certain tactics (staggered planting, dispersion and miniaturization of fields, concealment) can enhance the probability of harvesting at least part of a crop.

The impact of eradication is limited by several factors. First, many fields are eradicated after some harvesting has already taken place. Second, opium can sometimes be recovered following eradication. Bulbs on opium plants cut down 24-36 hours earlier have been shown to yield opium gum. Younger plants often survive eradication and eventually yield opium. Third, the miniaturization and dispersion of opium poppy fields observed during the past several growing seasons have made it

impractical and uneconomical to target some remote small fields. All of these factors have contributed to the stabilization in opium poppy planting noted during the past four years.

U.S. officials believe that hilltribe farmers will eventually abandon opium poppy cultivation as the eradication program becomes more efficient, the prospects for alternative crops improve, and the farmers themselves are integrated more completely into the mainstream society and economy. In the near to medium term, the challenge will be to maintain the pressure on opium cultivation without alienating the hilltribe to the point of armed resistance. The current mix of incentive and disincentive programs is designed to accomplish this.

Although marijuana cultivation is illegal, the plant has long been grown in Thailand to meet local demand. Marijuana is used as a seasoning in curries, as a fibre, and as a psychoactive agent. Thai society does not look on marijuana use as a particularly dangerous form of behavior. Legal penalties for both use and trafficking of marijuana are less severe than for other drugs. Thai marijuana is considered a high quality variety in foreign markets, especially the U.S. This has led to commercial-level production for export purposes.

Refining of drugs, principally opiates, in remote areas of the country persists for two primary reasons: remoteness and corruption. Although the chemical processes involved in producing heroin from opium are complex, they can be carried out by knowledgeable chemists in very rudimentary labs in the dense jungle of the border regions. Since these areas are remote and covered by thick foliage, locating refineries by aerial surveillance is often not possible. Ground-based intelligence can also be inaccurate since an error of 100 meters may mean that the refinery is not found. The same rugged terrain also makes a refinery raid an extremely difficult and hazardous mission.

The second overriding impediment to improved narcotics law enforcement is the corruption of police and other government officials, especially in the remote areas where refining and trafficking are concentrated. Far from the oversight of Bangkok, provincial officials are frequently subjected to both financial inducements and threats of violence to elicit their cooperation in, or at least inattention to, narcotics trafficking.

### B.3. Maximum Achievable Reductions

Based on incomplete aerial survey data, U.S. officials expect 1988/89 opium poppy cultivation to be in the 4,800-5,500 hectare range. This represents a possible increase of about 20 percent. Of this total, it is expected that one-third to one-half will be subjected to eradication. The 1988/89 eradication program started a month earlier than did the 1987/88 program, and this earlier start is paying dividends in improved destruction of the plants. The program is much better organized this year and should have a more pronounced impact on hilltribe opium farmers. This impact will be manifested, it is believed, in reduced cultivation during the 1988/90 crop year. Poppy planting during the 1988/90 season should be under 4,000 hectares.

The 1988/89 marijuana eradication campaign also began earlier than it did in previous years. This early start resulted in an increased eradication total from an estimated

165 hectares in 1987 to 200 hectares in 1988, a level that will be maintained in 1989.

In addition to removals resulting from eradication of crops in the field, substantial amounts of processed opiates and marijuana are expected to be seized as the result of narcotics law enforcement efforts. Such removals during 1989 should amount to 2 mt of heroin, 2.2 mt of opium, 60 mt of processed marijuana, and 150 mt of fresh marijuana. Drug-related arrests are expected to total around 46,000 in both 1988 and 1989.

### B.4. Methodology for Estimates

Narcotics production and seizure estimates are based primarily on the data produced by ONCB. To compensate for various data anomalies, U.S. officials have made various adjustments to the ONCB data as noted in the footnotes which follow the data tables.

### C.1. Statistical Tables

Since the annual opium crop spans two years and statistics are accumulated on a crop-cycle basis, the data reported are for the year in which the crop cycle ended. Marijuana eradication and all drug seizure data are re-

ported on a calendar year basis. Where empirical data were not available, estimates were made on the basis of the best available information. If no data at all were available, no estimate was made.

A. SUMMARY TABLES for CY		1990 est.	1989 est.	1988	1987	1986	1985
<b>OPIUM</b>							
Cultivation	[ha]		5,050	4,604	4,674	4,175	8,880
Eradication	[ha]		2,000	1,761	1,740	1,718	523
Harvested	[ha]		3,050	2,843	2,934	2,457	8,357
Yield	[mt]		23-33	23-33	24	21	34
Loss Factor	[mt]		-	-	-	-	-
Seized	[mt]		2.2	1.8	1.6	2.5	1.5
Consumed	[mt]		5-10	5-10	5-10	5-10	5-10
Exported	[mt]		-	-	-	-	-
Available for refining	[mt]		-	-	-	-	-
<b>HEROIN</b>							
Produced (a)	[mt]		-	-	-	-	-
Seized in-country	[mt]		2.0	2.4	1.3	0.7	1.3
Consumed in-country	[mt]		10-15	10-15	10-15	10-15	10-15
Exported (a)			-	-	-	-	-

A. SUMMARY TABLES for CY		1990 est.	1989 est.	1988	1987	1986	1985
CANNABIS							
Cultivation	[ha]		-	-	-	-	-
Eradication	[ha]		200	200	165	391	186
Harvested	[ha]		-	-	-	-	-
Yield	[mt]		-	-	-	-	-
Loss Factor	[mt]		-	-	-	-	-
Seized in-country	[mt]		60.0	62.0	58.0	45.6	47.5
Consumed in-country	[mt]		-	-	-	-	-
Exported	[mt]		-	-	-	-	-
HASHISH							
Converted from cannabis	[mt]		-	-	-	-	-
B. DATA TABLES for CY		1990 est.	1989 est.	1988	1987	1986	1985
Cultivation (Gross)							
Opium (b)	[ha]		5,050	4,604	4,674	4,175	8,880
Cannabis	[ha]		-	-	-	-	-
Potential Prod (Gross)							
Opium (c)	[mt]		28-41	28	30	26	35
Cannabis	[mt]		-	-	-	-	-
Hectares Eradicated							
Opium (d)	[ha]		2,000	1,761	1,740	1,718	523
Cannabis (e)	[ha]		200	200	165	391	186
Crops Eradicated							
Opium (f)	[mt]		6-8	5	6	5	1
Cannabis	[mt]		1,675	1,105	2,617	1,243	-
Net Cultivation							
Opium (g)	[ha]		3,050	2,843	2,934	2,457	8,357
Cannabis	[ha]		-	-	-	-	-
Net Production							
Opium	[mt]		23-33	23-33	24	21	34
Cannabis	[mt]		-	-	-	-	-
Refining							
Heroin T[mt]			-	-	-	-	-
Seizures							
Opium (h)	[mt]		2.2	1.8	1.6	2.5	1.5
Heroin (i)	[mt]		2.0	2.4	1.3	0.7	1.3
Other (Morphine)	[mt]		0.1	0.1	0.0	0.1	0.0
Marijuana (processed)	[mt]		60.0	62.4	58.0	45.6	47.5
Marijuana (fresh) (j)	[mt]		150.0	134.0	148.0	1,870.8	36.4
Arrests							
Nationals			46,000	46,000	42,550	35,947	34,686
Foreigners			-	-	354	140	206
Total Arrests			46,000	46,000	42,904	36,087	34,892
Labs Destroyed (k)							
Heroin			10	10	12	10	4
Other			-	-	10	1	0



**B. DATA TABLES for CY**

		1990 est.	1989 est.	1988	1987	1986	1985
<b>Domestic Consumption</b>							
Opium	(mt)		5-10	5-10	5-10	5-10	5-10
Heroin	(mt)		10-15	10-15	10-15	10-15	10-15
Other Opiate	(mt)		-	-	-	-	-
Marijuana	(mt)		-	-	-	-	-
<b>Users (thousands)</b>							
Opium			5-10	5-10	5-10	5-10	5-10
Heroin			100-150	100-150	100-150	100-150	100-150

(a). No entries are shown for these items because Thailand is judged to be a net importer of opiates. It is known with certainty, however, that some Thai opium is converted into heroin and enters the regional heroin market.

(b). ONCB estimate for 1986/87 from its 1987 Annual Report was adjusted to allow for increased photo interpreter negative error rate. Estimate for 1988/89 allows for up to 20 percent increase based on preliminary field assessment that planting has increased marginally over 1987/88.

(c). Original ONCB estimate for 1986/87 was adjusted upward at ONCB-estimated yield rate to account for area increase discussed in footnote b. Estimated production range for 1988/89 was calculated by using two yield factors, 6.0 and 7.5 kilograms per hectare. These factors reflect historical yields reported by northern Thai hilltribes in response to ONCB surveys and allow, at the high end, for increased yield resulting from excellent growing conditions observed this year.

(d). The 2,000-hectare total reported 1988/89 reflects the fact that eradication operations began a month earlier than they did in 1987/88.

(e). Hectares of cannabis eradicated was computed by taking ONCB-reported eradication tonnage for 1985-87 and converting each annual estimate to a hectare equivalent at the rate of 6.7 tons per hectare. This conversion factor assumes 2 plants per 1.5 square meters, with each green plant eradicated weighing 0.5 kilograms on average. The increased estimate for 1988 reflects an earlier start of the eradication program this year. It is also assumed that the 1988 eradication level will be maintained during 1989.

(f). Crops eradicated totals were estimated by taking the estimated opium yield per hectare (obtained by dividing estimated gross potential production by gross cultivation), multiplying it by hectares eradicated, and dividing it by 2 to allow for pre-eradication harvesting, post-eradication plant regeneration, and post-eradication harvesting of plants that survive sprayed fields.

(g). Net cultivation was computed subtracting hectares eradicated from gross cultivation without adjusting the hectares eradicated for eradication inefficiencies.

(h). Source: Thailand Narcotics Annual Report - 1987 (prepared by ONCB) and ONCB Monthly Narcotics Law Enforcement Statistics. The opium seizure estimate for 1988 reflects data available through September prorated to 12-month totals. The 1989 total was estimated by increasing the 1988 estimate by 20 percent to reflect anticipated increases in regional opium production.

(i). Source: Same as for footnote h. Total estimated seizures for 1989 are reduced from 1988 since that year showed an unusually large heroin seizure which is historically atypical.

(j). The 1986 total is being reported as stated in the 1987 Annual Statistical Report issued by the ONCB despite the fact that it is an order of magnitude higher than the other annual totals in the series.

(k). Source: ONCB and DEA

APPENDIX 4.—FBI DRUG REPORT, U.S. DEPARTMENT OF JUSTICE,  
FEDERAL BUREAU OF INVESTIGATION



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## Highlights

*The FBI's National Drug Strategy is the nucleus of the FBI's Drug Program.*

### FBI National Drug Strategy Adopted

*On May 7, 1986, the Director of the FBI announced a National Drug Strategy which established five major objectives designed to more clearly focus the FBI's investigative resources on those groups controlling significant segments of the illegal drug markets in the United States. Major first- and second-level distribution centers where these organizations operate were identified for a concentrated investigative effort.*



### FBI Drug Section Established



*During 1986, the FBI reorganized the Organized Crime Program with the creation of a distinct FBI Drug Program. To effectively manage this Program, a new Drug Section was established on December 2, 1986. The Drug Section is essential to the continuing successful implementation of the FBI National Drug Strategy.*

### Achievements and Investigative Milestones

*The FBI National Drug Strategy has had predictable successes. During Fiscal Year 1987, FBI investigations produced over 2,800 convictions of key operatives of major drug organizations and fines, recoveries, restitutions, seizures, and court-ordered forfeitures totaling \$136 million.*



## A Message From the Director

*Illegal drug trafficking presents a continuing and ever-increasing threat to our society, its institutions and people.*

On January 20, 1982, the Attorney General identified drug trafficking as the most critical crime problem in the United States. Clearly, an increased government response was needed. The Attorney General issued an order delegating to the FBI the responsibility for investigating violations of the Comprehensive Drug Abuse Prevention and Control Act of 1970. At the same time, the Attorney General mandated that the Director of the FBI would exercise general supervision over the DEA Administrator. The FBI, in recognition of this substantial responsibility, immediately designated the Drug Program as one of its top investigative priorities.

Our initial efforts focused on drug investigations involving traditional organized crime families, nontraditional organized crime groups with violent propensities, ethnic organized crime groups having significant impact in the country, drug financiers and corrupt officials.

In January 1983, the Organized Crime Drug Enforcement Task Force Program was established as the cornerstone of the Federal government's efforts against drug trafficking. The program's mission is to identify, investigate, and prosecute high-level members of drug trafficking enterprises, bringing together the combined expertise and unique abilities of Federal, state, and local law enforcement.

The Task Force Program is composed of 13 regional task forces, each covering a specific region of the United States. The FBI, an active participant since the program's

inception, is strongly committed to this cooperative law enforcement effort in which Federal, state, and local agencies work together on investigations and prosecutions.

In the six years since the FBI was assigned the responsibility to investigate drug offenses, it has evolved into a capable, effective, and respected participant in the battle against drug trafficking. By concentrating limited resources on organized crime and drugs, public corruption and drugs, and financial crimes and drugs, the FBI has achieved substantial results.



- The convictions of key operatives in major drug trafficking organizations on drug-related offenses have risen from 43 in 1982 to over 2,800 in 1987.
- Fines, recoveries, restitutions, seizures, and court-ordered forfeitures during that period have totaled over \$880 million

In late 1985, the FBI undertook a comprehensive evaluation of our role in drug enforcement. Based on investigative experiences over a four-year period, independent studies, input from our 59 field offices, and a comprehensive review of the drug problem facing the United States, the FBI developed a strategic plan defining the Bureau's role in drug investigations for the next three to five years.

On May 7, 1986, the results of our findings were announced in the FBI's National Drug Strategy. This new strategy is the nucleus of the FBI's Drug Program. It establishes major objectives to more clearly focus the FBI's limited investigative resources on those groups controlling significant segments of the illegal drug market. The FBI, in coordination and cooperation with other Federal, state, and local law enforcement agencies, has endeavored to reduce the incidence of illegal drug trafficking, and other criminal activity which drug trafficking generates, through investigations designed to dismantle the organizations involved in the importation and distribution of illegal drugs. The investigations have been conducted on a sustained basis utilizing extensive electronic surveillance coverage and covert investigative techniques. We have used sophisticated techniques and



approaches to combat multimillion-dollar trafficking organizations.

- More than 820 drug-related investigations have utilized electronic surveillance.
- Over 440 undercover operations, sensitive and complex in nature, addressing domestic and international drug trafficking organizations, have been conducted.

Our investigative efforts focus on the groups largely responsible for supplying illegal drug markets in the United States:

- The Colombian/South American Traffickers
- The Mexican Networks
- Italian Drug Traffickers
- Major Regional Drug Trafficking Organizations
- Asian Drug Groups
- Major National Outlaw Motorcycle Gangs

To achieve a significant impact in the priorities established, the National Drug Strategy endeavors to expand and enhance the existing drug intelligence base. The effort is broad-based and covers the

*Seizing the assets of significant drug trafficking organizations is a cornerstone of our National Drug Strategy. The Oklahoma City Office of the FBI recently seized this Lake Tahoe summer home belonging to key high-level members of Colombian drug organization operating in the Oklahoma area. The house is appraised at over \$1 million.*



*A 213-acre ranch in California, belonging to a large international drug trafficking syndicate operating on the west coast of the United States, was recently seized. The FBI transferred this ranch, appraised at \$6.1 million, to a local law enforcement agency.*

full spectrum of intelligence from the development of high-quality informants to the selective use of Racketeering Enterprise Investigations. Racketeering Enterprise Investigations are criminal intelligence investigations used to determine the organizational, geographical, and financial aspects of major drug groups, as well as their past and future activities and goals. Utilizing this approach, the FBI can better select the regional initiatives to address the highest levels of drug trafficking organizations.

The FBI currently has over 1,000 Special Agents assigned to investigate drug matters throughout the United States. Consistent with our National Drug Strategy, the FBI concentrates its limited investigative resources in the areas of the country identified as major centers for cocaine and heroin trafficking organizations. This concentration of manpower is necessary to address the large number of sophisticated drug trafficking groups using these cities as centers to supply illegal United States drug markets.

**Our National Drug Strategy is committed to providing continuing assistance to other Federal, state, and local law enforcement agencies. The FBI will assist by providing intelligence information, training, technical advice, legal advice, and join in investigations of major drug trafficking organizations operating on a regional basis.**

The sharing of forfeited property permitted by recent legislation continues to be a strong incentive for state and local participation in joint operations and task forces. Through the same law, state and local law enforcement agencies are able to request the FBI to process assets seized during drug investigations using forfeiture provisions enforced by the FBI.

As FBI management monitored the progress of the implementation of the National Drug Strategy, the drug caseload grew extensively. To facilitate increased program supervision over sensitive drug matters an FBI Drug Section was created on December 2, 1986. The FBI's Drug Section is organized into three operational and one planning unit to address the major drug trafficking programs identified as priorities in the National Drug Strategy:

- European/Asian Drug Traffickers Unit
- Colombian/South American Drug Traffickers Unit
- Mexican Drug Traffickers Unit
- Drug Planning and Analysis Unit

These units, under the direction of an FBI Section Chief, in concert with key field offices, led the development of operational plans to address those major drug trafficking organizations responsible for supplying illegal drug markets in the

*The National Basketball Association's All-Star Game  
Held Court in the U.S. Capitol and other sports  
celebrations were part of the NBA's 50th Anniversary  
Program in Washington, D.C. (AP/Wide World)*





United States. This new Drug Section is essential to the continuing successful implementation of the National Drug Strategy.

**Complementing our law enforcement initiatives** is our participation in programs to reduce the demand for controlled substances. The FBI takes every opportunity in public appearances and forums to educate Americans to the dangers of drug abuse. The FBI/DEA Sports Drug Awareness Program is but one example of the Demand Reduction element of our National Drug Strategy. In this program, FBI and DEA representatives educate professional athletic teams to the dangers inherent in drug usage and help coordinate the efforts of the professional athletes as role models, to further alert Americans to the same dangers. FBI Special Agents assigned in offices across the United States regularly address civic and youth groups on the hazards of drug abuse. Each office has an Agent assigned as a Drug Demand Reduction Coordinator.

**Our outlook for the future is to continue the National Drug Strategy**, modifying investigative approaches as necessary to confront drug organizations. The FBI will capitalize on the positive results that have been achieved in the major objectives of our National Drug Strategy. Operating strategies implemented in support of our National Drug Strategy will enable us to better focus our investigative approach to develop the regional and fieldwide initiatives addressing the highest levels of the most significant drug trafficking organizations.

- By applying a program management approach, the FBI will continue to employ

sophisticated investigative techniques. Nationwide coordination will result in sustained conspiracy network investigations. We look to enhance and expand the existing drug intelligence base in order to achieve a significant impact on the established Drug Program priorities.

- We intend to build on the close working relationship developed over the years with DEA. A number of initiatives are currently under way to identify areas where further cooperation, coordination and integration will result in more efficient, effective and economical investigative efforts against drug traffickers.

**The two years of the implementation of the FBI's National Drug Strategy** produced a dramatic increase in the quality of drug investigations throughout the FBI. Significant results have been achieved by conducting sustained, multijurisdictional conspiracy investigations in areas where drug trafficking networks are concentrated. The FBI is proud of the quality of these accomplishments as measured in terms of the number of indictments and convictions of key operatives and the seizure of significant assets of major drug trafficking organizations.

Despite these accomplishments, drug trafficking in this country continues to be a critical problem. The challenge is clear. The FBI remains encouraged and confident that by concentrating its limited resources in furtherance of our National Drug Strategy, we will fulfill our long-term mission. The FBI will reduce the incidence of illegal drug trafficking and the

criminal activity it generates in American society.



William S. Sessions  
Director

## FBI National Drug Strategy

*The FBI's National Drug Strategy specifically delineates the FBI's role in drug law enforcement.*



*Concluding a long-term undercover operation, command center personnel coordinate the nationwide execution of hundreds of arrest and search warrants against Sicilian Mafia drug trafficking organizations.*

The FBI will endeavor to reduce the incidence of illegal drug trafficking, and other criminal activity which drug trafficking generates in American society, through investigations conducted on a systematic, coordinated, and sustained basis.

On May 7, 1986, the Director of the FBI approved an FBI National Drug Strategy which specifically delineated the FBI's role in drug investigations through five objectives designed to more clearly focus the FBI's investigative resources on those groups controlling significant segments of the illegal drug market. The five major objectives, all of which were later incorporated in the National Drug Policy Board's "National and International Drug Law Enforcement Strategy," published in 1987, include:

Conducting effective, coordinated investigations against major drug trafficking organizations on a nationwide basis with the ultimate

objectives of neutralizing networks involved in distribution of cocaine and heroin, and seizing their illegal profits through forfeiture proceedings.

- Conspiracy network investigations are conducted on a sustained basis. In those areas where the trafficking networks are concentrated, extensive use of electronic surveillances and covert investigative techniques are employed.
- Investigations of these groups are multijurisdictional and require close coordination with FBI Headquarters.
- The potential corruption and money-laundering aspects of every investigation are fully explored.
- All FBI offices take full advantage of the forfeiture provisions of various Federal statutes that directly relate to drug enforcement. The identification of drug

traffickers' assets, and the development of evidence to support forfeiture, are integral aspects of all drug investigations.

**To achieve a significant impact in our established priorities, it is essential that the existing drug intelligence base continues to be expanded and enhanced.**

- A corps of high-quality informants is essential to penetrate the leadership, structure, operations, associations, and financial aspects of the major drug trafficking organizations operating in this country. This information supports eventual conspiracy, Continuing Criminal Enterprise, and Racketeer Influenced and Corrupt Organizations prosecutions.
- FBI Intelligence Specialists contribute to the analytical support necessary to assist in the dismantling of major drug trafficking organizations. Under the direction of FBI managers in Washington and in field offices throughout the United States, the Intelligence Specialists develop usable and effective intelligence products.
- The drug intelligence base includes a number of automated systems, each with its own unique capabilities. These systems are fully utilized to collect and analyze intelligence to support investigations of major drug

trafficking organizations. A new state-of-the-art system developed by the FBI at the El Paso Intelligence Center is being implemented.

- Racketeering Enterprise Investigations are criminal intelligence investigations used to establish the organizational, geographic and financial aspects of major drug groups.

**In coordination with DEA, assist in identifying trends and making projections of organized drug trafficking activities on a national basis.**

The FBI and DEA continue to exchange supervisory personnel at the Headquarters level to educate participants in the administrative and operational aspects of each agency's Drug Program. This exchange also facilitates the sharing of information relating to national trends and projections. The institutional knowledge of each agency is enhanced by information exchanged at the initiation of every drug case pursued by the FBI or DEA. Updated information during these investigations is promptly shared. These efforts contribute to our understanding of the dynamics of drug trafficking organizations.

- January 1988, the FBI and DEA adopted a **Joint Drug Plan** to identify and target major Colombian/South American and Mexican drug trafficking organizations in Chicago,

Houston, Los Angeles, Miami, New York and San Diego. These organizations are being addressed through long-term investigations using extensive electronic and physical surveillance coverage and sophisticated undercover investigative techniques.

- The Joint Drug Plan is viewed as an important mechanism for addressing major drug trafficking organizations in a given region using the combined talent and experience of both the FBI and DEA. The Joint Drug Plan is closely aligned with the National Drug Policy Board's lead agency strategies and coincides with the goals and objectives of the FBI's National Drug Strategy.

**Investigative resources dedicated to drug matters will have the greatest impact when concentrated in those areas of the country identified as major centers for organizations involved in the importation and distribution of cocaine and heroin.**

As a result of a detailed analysis of the scope of the drug problem, the FBI has determined that major first-level drug distribution networks operate principally in three U.S. cities: Miami, Los Angeles, and New York.

Second-level drug distribution networks operate in seven U.S. cities: Boston, Chicago, Detroit, Houston, Newark, San Diego, and San Francisco.

The FBI will provide assistance to other Federal, state and local law enforcement agencies relative to investigations of major drug trafficking organizations operating in local or regional areas.

The FBI remains an active participant in the Organized Crime Drug Enforcement Task Force Program to coordinate the investigations and prosecutions of major drug trafficking organizations with Federal, state, and local agencies.

The FBI shares responsibility with state and local law enforcement agencies to respond to drug problems in local areas or regions that may not necessarily relate to national conspiracies. Each FBI field office is responsible for coordinating investigations of selected local drug problems on a case-by-case basis with these agencies. A limited assignment of Agent personnel work with local and state police and provide legal and technical support. Disseminating lead information to appropriate authorities occurs routinely.

The sharing of forfeited property provisions of the Comprehensive Crime Control Act of 1984 is a strong incentive for state and local participation in joint investigations.

The FBI's National Drug Strategy selectively addresses specific drug trafficking organizations under the following categories:



#### Colombian/South American Drug Trafficking Organizations

- Investigations of Colombian/South American organizations involved in drug trafficking, particularly cocaine.

#### Mexican Drug Trafficking Organizations

- Investigations of Mexican groups involved in heroin, cocaine and marijuana trafficking.

*FBI executives discuss final preparations for the execution of numerous arrest and search warrants in Operation Cashwe! Expressway.*

#### Italian Drug Trafficking Organizations

- Investigations of La Cosa Nostra/Sicilian Mafia, La Camorra, and N'Drangheta groups involved in heroin trafficking.

#### Major Regional Drug Trafficking Organizations

- Investigations of major regional drug trafficking organizations. These organizations must be well organized, multijurisdictional in operational scope, and of national significance and influence.

#### Major National Outlaw Motorcycle Gangs

- Investigations of major national outlaw motorcycle gangs involved in drug trafficking, particularly methamphetamine and cocaine.

#### Asian Drug Trafficking Organizations

- Investigations of Asian drug organizations involved in heroin trafficking on a national level.

Drug financial flow investigations and allegations of official or police corruption will continue to be thoroughly pursued in relation to the particular drug trafficking organization under investigation.

The FBI recognizes that law enforcement participation is essential in reducing the demand for controlled substances. Education and drug awareness represent potential long-term solutions to drug abuse in the United States. An

element of the FBI's National Drug Strategy includes the FBI taking every opportunity through public appearances and forums to educate Americans to the dangers of drug abuse.





## *Seizure*

A 1964 Ferrari 250 GT convertible for \$280,000. The car was seized by the FBI from a man in New York and is being sold by auction.

*Drug Section responsibilities are divided among four units, three of which oversee our investigative efforts focusing on the groups largely responsible for supplying the illegal drug markets in the United States.*

On December 2, 1986, the Attorney General approved the creation of an FBI Drug Section to:

- Continue implementation of our National Drug Strategy.
- Manage the sustained investigative effort by facilitating increased national program coordination.
- Direct, review, and authorize sensitive multistate drug investigations.
- Represent the FBI's vital role to the drug law enforcement community.

The FBI's Drug Section consists of three operational and one planning unit, each with the following responsibilities:

#### **Colombian/South American Drug Traffickers Unit**

The Colombian/South American Drug Traffickers Unit is responsible for coordinating FBI investigations directed at Colombian/South American cocaine cartels and developing a national program to address this problem.

#### **European/Asian Drug Traffickers Unit**

The European/Asian Drug Traffickers Unit was originally established to develop and manage a national investigative effort directed at the La Cosa Nostra and the Sicilian

Mafia organizations involved in heroin trafficking. The unit's emphasis has since expanded to additional organized crime groups known as La Camorra and N'Drangheta and to Asian drug trafficking organizations.

#### **Mexican Drug Traffickers Unit**

The Mexican Drug Traffickers Unit coordinates FBI investigations addressing major Mexican drug trafficking organizations known to operate within the United States as well as all drug-related investigations pertaining to Outlaw Motorcycle Gangs.

#### **Drug Planning and Analysis Unit**

The Drug Planning and Analysis Unit is responsible for developing intelligence programs and national drug trend analyses to support strategic planning as well as the preparation of policy positions relative to issues concerning all aspects of the management and administration of the FBI's National Drug Strategy. Additionally, the unit is responsible for developing the FBI Drug Training Program and the Organized Crime Drug Enforcement Task Force Program.

## Drug Traffickers

*The majority of the cocaine smuggled into the United States is distributed at the wholesale level by major Colombian drug trafficking organizations operating in the south Florida area.*



*Since the adoption of our National Drug Strategy in 1986, the FBI has aggressively investigated major Colombian drug trafficking organizations in south Florida. Since October 1986, the Miami Office of the FBI has seized almost 3,000 pounds of cocaine and over 225,000 pounds of marijuana.*

**Cocaine trafficking and consumption represent the most significant drug problem in the United States.**

The FBI and the DEA have identified over 200 major Colombian drug trafficking organizations in south Florida which control the majority of cocaine importation and

distribution networks which radiate into all areas of the United States.

Virtually all of the cocaine seized in the United States is produced in South America. The coca plant, cultivated in Peru, Bolivia, and Colombia, is converted into cocaine primarily in Colombia. In 1987, South American coca





*During May 1987, FBI Agents and U.S. Coast Guard personnel unload over 613 kilograms of cocaine seized on board a luxury yacht in Florida. The cocaine was seized as a result of an extensive investigation of a major Colombian drug trafficking organization operating in south Florida. The seized cocaine has a street value of approximately \$12 million.*

cultivation yielded an estimated 220,000 metric tons of coca leaf, which converted to approximately 345 metric tons of cocaine.

Drug abuse experts estimate that over 25 million Americans have tried cocaine. Six million use cocaine at least once a month. Two to three million Americans are thought to be seriously dependent on cocaine. The number of new users increases at an estimated rate of over 5,000 per day.

The National Institute on Drug Abuse estimates

that 72.3 metric tons of cocaine were consumed in the United States in 1985.

The number of individuals admitted to hospitals in the United States for cocaine-related emergencies rose from approximately 5,200 in 1983 to over 26,000 in 1987 as reported by the Drug Abuse Warning Network. The upsurge in the smoking of cocaine was reflected in a substantial increase in these emergency room admissions. This is evidence of the increasing availability and use of "crack," a form of cocaine processed primarily for smoking.

All FBI field offices have identified cocaine as a drug problem in their divisions.

An overwhelming majority of the FBI field offices have identified

cocaine trafficking as the number one drug trafficking problem in their area of responsibility.

**The FBI has determined that major Colombian drug trafficking organizations** use Miami, Los Angeles, and New York as primary international cocaine trafficking centers. From these level one centers, they expand their distribution of cocaine through:

- Boston
- Chicago
- Detroit
- Houston
- Newark
- San Diego
- San Francisco

**The FBI aggressively continues to enhance and expand its intelligence base** concerning major Colombian/South American drug trafficking organizations in Miami by employing a Racketeering Enterprise Investigation to establish the composition, structure, and activities of these organizations. The successes of Miami's program reinforced the need to establish similar Racketeering Enterprise Investigations within other selected FBI field offices. FBIHQ aggressively took the lead in directing primary and secondary FBI field offices to identify specific major drug trafficking organizations, their bases of operation, supply and distribution routes, financial information, spheres of influence and, most important, the top echelon leaders of Colombian drug



*During September 1986, the FBI and the U.S. Customs Service seized this aircraft carrying 1,130 pounds of cocaine shipped in boxes.*

trafficking organizations in the United States.

The thrust of these criminal intelligence investigations was to develop substantive cases as well as intelligence. The Colombian organizations were identified in the context of criminal enterprises subject to long-term conspiracy investigations.

**Racketeering Enterprise** Investigations have been established in 16 field offices. Overall, these investigations portrayed the Colombian drug trafficking organizations possessing an infrastructure that would rival many legitimate businesses and even some national governments in the amount of property, sophistication of equipment, and network of financial, political and commercial contacts. The value of such investigations is clear:

- Key operatives have been identified and conspiracies between them and their illegal organizations have been revealed.
- Trafficking routes and modes of transport were identified.
- A number of businesses set up as fronts for cocaine importation have been located.
- Money laundering operations were discovered servicing a number of drug trafficking organizations.
- The recruitment of Americans to provide support services – false documentation, sponsorship for citizenship status, and illegal marriages – has been uncovered.
- Current intelligence indicates that Colombian drug trafficking organizations are aligning themselves with Mexican traffickers.

- Storage areas for cocaine and laboratory sites of Colombian organizations have been discovered in Mexico.
- Colombian cocaine is sent to the United States from transshipment points within Mexico.

**While continuing the aggressive buildup of our intelligence base, the FBI has achieved significant results in our investigations.**

During September 1986, the FBI and the U.S. Customs Service seized an airplane containing 1,130 pounds of cocaine as it landed at a private airstrip in Lakeland, Florida. This investigation focused resources on the importation of cocaine by a major Colombian drug trafficking organization based in Miami, Florida. With the Lakeland seizure, search warrants were executed in which a communications center, utilized by the Colombians, was seized in a hangar in the Fort Lauderdale Executive Airport. Six aircraft, 320 acres of farmland, three mobile homes, one Winnebago, several automobiles and over \$1.8 million in cash were seized. During October 1986, 13 persons were indicted by a Federal grand jury in Florida. To date, 11 persons have been convicted on drug violations and two defendants remain fugitives.

The FBI recently concluded a major three-year undercover operation codenamed CASHWEB/EXPRESSWAY. This extensive investigation involved nine FBI field offices and numerous Federal, state and local law enforcement agencies. The investigation penetrated the highest levels of three money laundering organizations of

Colombian drug trafficking syndicates operating in South America and the United States.

During this investigation, FBI undercover Agents laundered approximately \$175 million and identified an additional \$300 million in Colombian drug proceeds.

The investigation, thus far, has achieved the following results:

- Federal, state, and local indictments of 114 conspirators for drug and/or money laundering violations;
- Seizure of 2,000 pounds of cocaine; 22,000 pounds of marijuana; \$22.5 million in cash; 57 automobiles; 3 residences.

The FBI recently culminated a year-long complex and sensitive investigation which addressed the importation and distribution of cocaine and marijuana in the United States through Panama. In February 1988, General Antonio Manuel Noriega, head of Panama's Defense Forces, and a prominent Panamanian businessman were indicted by a Federal Grand Jury in the Middle District of Florida for Federal drug violations for accepting money to facilitate the shipment of 400,000 pounds of marijuana into the United States.

#### **Outlook**

*The Colombian/South American Drug Traffickers Subprogram will aggressively build an intelligence base to further establish the composition, structure, and activities of major Colombian drug trafficking organizations. The FBI intends to capitalize on the successful results achieved during the past year in several major investigations which attacked the highest levels of the leadership of significant Colombian drug organizations. The successes will be quickly followed by the surfacing of other major cases in the near future which will reveal international cocaine trafficking networks.*



## Seizure

The results of the FBI National Drug Strategy are evident in this large seizure of cocaine and heroin from a multi-state distribution network in the mid-1990s.

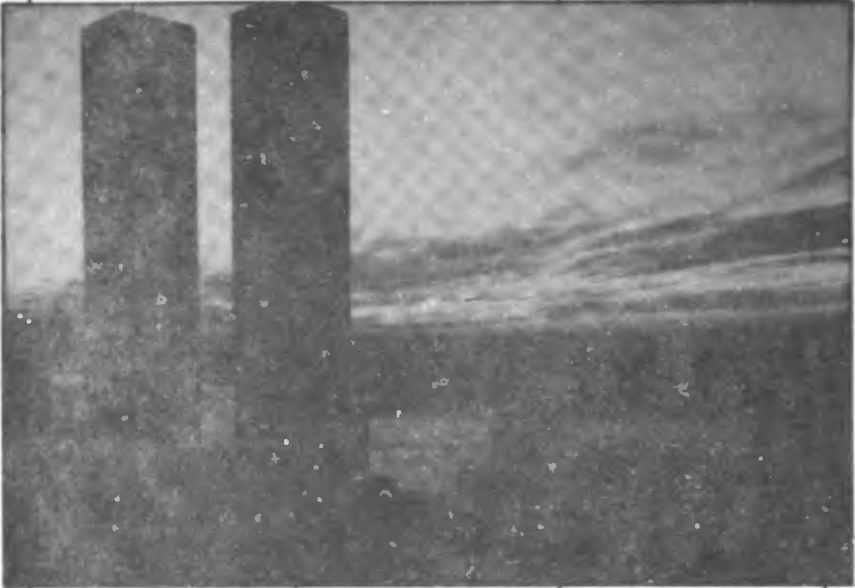


*The Indian, Chinese, and American Delegation, Organized Crime and Narcotics Board, and the Chinese, are here meeting in the U.S. Capitol, D.C., where conference is provided the facilities for providing investigative assistance and training between the FBI and Indian police authorities.*

## European

### Drug Traffickers


*The FBI has convicted top echelon members in nearly all the La Cosa Nostra families in the United States for drug trafficking violations.*



*Italian drug trafficking organizations use New York City as the major importation and distribution center in the United States for heroin from Southeast and Southwest Asia.*

**La Cosa Nostra and Sicilian Mafia members have received priority attention** due to their extensive involvement in criminal enterprises. This emphasis has been continued by the Drug Section since its establishment in December 1986.

- Heroin importation, distribution, and consumption are considered by the FBI as the second most significant drug problem in the United States.
- There are an estimated 490,000 heroin addicts/users in the United States.

		
<p><i>Profits from drug trafficking are enormous. The conviction of key operatives in major drug trafficking organizations on drug-related offenses has risen from 43 in 1982 to over 2,800 in 1987. During the same period, fines, recoveries, restitutions, seizures, and court-ordered forfeitures have totaled over \$880 million.</i></p>	<ul style="list-style-type: none"> <li>• The number of addicts admitted to hospitals in the United States for heroin-related emergencies rose from approximately 9,000 in 1983 to almost 11,700 in 1987 according to the Drug Abuse Warning Network.</li> <li>• The connection between Acquired Immune Deficiency Syndrome and intravenous heroin use is a serious health issue.</li> <li>• Heroin distribution is a major source of income for the Sicilian Mafia.</li> <li>• New York City is the major distribution point in the United States for heroin from Southeast and Southwest Asia.</li> <li>• Sicilian Mafia families, in concert with selected members of the La Cosa Nostra, control both the importation and distribution networks for heroin.</li> </ul>	<ul style="list-style-type: none"> <li>• Investigations disclosed Sicilian Mafia networks operating in California, Florida, Illinois, Massachusetts, Michigan, New Jersey, New York, North Carolina, Pennsylvania, Texas, Wisconsin, Virginia, and the District of Columbia.</li> </ul> <p><b>While Sicilian Mafia members conduct their drug trafficking</b> individually, there continues to be strong reliance by them on lines of communication and association with La Cosa Nostra leadership. Sicilian Mafia drug traffickers use violence and murder as collection and enforcement techniques in conducting their drug businesses. A graphic example of this is the Pizza Connection case, which commenced in New York, and provided startling revelations for United States law enforcement regarding Sicilian</p>

*Right: Circumstances surrounding the "Pizza Connection" trial, which lasted 17 months, made headlines as the Mafia sought to protect its interests.*

Mafia activities in this country. The fact that the Sicilian Mafia was active in controlling both the importation and distribution networks of heroin in many areas of the United States was discovered as a result of this investigation. Beyond this initial discovery in New York, it was learned that enclaves of Sicilian Mafia members, in association with the La Cosa Nostra in several locales, had been established in Buffalo, Boston, Chicago, and Detroit and in several cities in New Jersey. These Sicilian Mafia drug traffickers continually maintained their lines of communication with their sponsoring families in Sicily. Their violence knew no boundaries even in the midst of the daily media exposure during the Pizza Connection trial as evidenced by the shooting of two defendants on New York streets. One person was killed and the other was paralyzed. Evidence shows that most of the proceeds from their drug trafficking are returned to Sicily through international banking centers.

The Pizza Connection case provided the stimulus for greater investigative activity and cooperation between the FBI and Italian police authorities. The Italian National Police, the Guardia di Finanza and the Carabinieri, as a result of their participation in this investigation, were able to prosecute hundreds of Sicilian Mafia members and associates in Italy.

## Mobster slices up pizza

By PATRICK CLARK

### Bad pizza connection

Our hitman slices up parlor linked to mob

Press barred  
to picking of  
mob-trial jury

### Mafia canary stops singing at drug trial

By PATRICK CLARK

The testimony of high-level Sicilian Mafia informant Tommaso Buccella ended abruptly yesterday in the "Pizza Connection" drug smuggling trial in Manhattan Federal Court.

### MAFIA INFORMER BREAKS THE CODE OF SILENCE



... If I should  
betray the  
organization, my  
flesh would burn \*



### Mafioso Breaks 'Blood Oath' In NY Testimony

Tommaso Buccella

Joseph Buccella says Buccella, his value as a witness against the defendants is \$1,000,000 (the New York Times)

Buccella, for instance, at one time had the former city and longest head of the drug ring, Gaetano Spadaro, 62, the reputed former head of the Sicilian Mafia, as a

Through the FBI's work and cooperation with the Italian police agencies, the existence in the United States and Canada of two more organized crime groups were discovered. These groups are the La Camorra, emanating from Naples, and the N'Drangheta, originating in the Calabria region of Italy.

Selected FBI field offices expanded our La Cosa Nostra/Sicilian Mafia traffickers intelligence base by initiating Racketeering Enterprise

Investigations. Since the inception of this subprogram, this type of investigation has been established in 21 FBI field offices throughout the country. This effort continues to result in the identification of numerous groups of criminally active Sicilian Mafia members and associates in the United States, frequently in locations previously not recognized as having this type of organized criminal activity. Using Racketeering Enterprise Investigations as a starting point,



ongoing criminal conspiracies have been identified, substantive cases have been opened, and evidence developed resulting in successful prosecution.

Sicilian Mafia drug trafficking activity and illicit money couriers have been identified in:

- Los Angeles
- Jacksonville
- Miami
- Tampa
- Chicago
- Boston
- Detroit
- St. Louis
- Newark
- New York
- Charlotte
- Cleveland
- Philadelphia
- Dallas
- Houston

**FBI field office response to this challenge** has been enthusiastic and successful since the problem was outlined in our National Drug Strategy.

In pursuit of these trafficking organizations, many FBI investigations are worked jointly with other Federal, state and local police agencies.

FBI field offices, in furtherance of our National Drug Strategy, have been utilizing the full range of investigative techniques in pursuit of Sicilian Mafia drug traffickers:

- Court-authorized electronic surveillance
- Physical surveillance
- Sophisticated technical equipment
- Undercover operations
- Quality informants
- Consensual monitoring
- Cooperating defendants

**The following cases exemplify successful implementation of the FBI's National Drug Strategy:**

- The FBI, over the past four years directed an international investigation focused on heroin importation/distribution and money laundering by Sicilian Mafia figures in association with the La Cosa Nostra in the United States. This historic investigation was commonly referred to by the media as the "Pizza Connection" case because the Mafia used pizza parlors throughout New York, New Jersey, Michigan, Illinois, Pennsylvania, and Wisconsin to facilitate the distribution of an estimated \$1.65 billion worth of heroin smuggled into this country from Sicily. The FBI, with support from DEA, the U.S. Customs Service and the Brazilian, Canadian, British, German, Spanish, Swiss, and Turkish authorities, as well as numerous state and local law enforcement agencies, revealed a scheme in which morphine base was transported from Turkey for conversion to heroin in clandestine laboratories in Sicily. The heroin was then shipped to the United States and distributed through pizzerias in New York, New Jersey, Michigan, Illinois, and Wisconsin. This long-term and complex investigation, which addressed a major Sicilian heroin trafficking organization, employed 47 court-ordered electronic surveillances. It resulted in the indictment of 38 high-level traffickers in the United States and an additional 175 Mafia members and associates in Italy for drug trafficking and money

laundering violations. After a 17-month trial, which commenced in September 1985, guilty verdicts were returned against 18 defendants in March 1987. During the course of the lengthy trial, other defendants pleaded guilty to drug violations, one died of natural causes and one was murdered. The violence of this trafficking group even surfaced during the trial. In spite of worldwide media attention, one defendant was found shot to death, his body stuffed in a black plastic bag along a roadside in New York. Another was critically wounded when he was gunned down on a Greenwich Village street in New York. He remains paralyzed. In June 1987, defendants were sentenced in Federal court in New York to jail terms up to 45 years, fines ranging from \$50,000 to \$1,150,000 were exacted, and eight defendants were ordered to pay restitutions ranging from \$200,000 to \$1 million to an approved drug addiction rehabilitation program. Trial testimony and evidence gathered during the investigation revealed that this drug group had laundered approximately \$60 million in heroin trafficking proceeds through legitimate businesses in the United States and abroad. Currently, proceedings are under way to complete the forfeiture of 10 businesses and 5 residences in the metropolitan New York City area and the Midwest. Additionally, 20 vehicles and \$350,000 were seized during this investigation.

- The FBI, during the past year, led a joint investigation with support from DEA, the Internal Revenue Service, and the Virginia State Police into a large cocaine and heroin trafficking network of Washington area Sicilian Mafia associates. The case involved a sophisticated undercover operation and extensive use of court-authorized electronic surveillances. This investigation clearly linked Sicilian Mafia traffickers and their close associates with Colombian importers in the distribution of large amounts of cocaine in the United States. This case resulted in the indictment and conviction of 25 defendants. Sentencing of at least 10 defendants has commenced with jail sentences, thus far, ranging up to 12 years.

- The FBI, over the past two years, has directed an international investigation focused on heroin importation and distribution by Italian drug trafficking groups and their criminal associates in the United States and Italy. The FBI and Italian law enforcement authorities revealed a scheme whereby these Italian drug traffickers had been engaged for years in the routine and rarely interrupted importation and distribution of heroin from southeast Asia through Italy, Sicily and into the United States. This long-term and complex investigation which addressed heroin trafficking in New York, Pennsylvania, New Jersey, North Carolina, Florida, Ohio, Texas and Washington, D. C., employed

39 court-ordered electronic surveillances.

Approximately 200 high-level Italian traffickers have been charged with drug trafficking violations both in the United States and Italy.

The FBI seized 11 kilograms of heroin; approximately \$57,000 cash; 10 vehicles; 4 art pieces valued at \$760,000; assorted expensive jewelry; numerous valuable fur coats; 11 hand guns; 17 rifles and shotguns; and one hand grenade.

#### Outlook

*The European Drug Traffickers Subprogram's investigations continue on an ascending scale in terms of positive developments and successes. These organizations will require additional FBI attention in future years. There has been a successful blending of intelligence-gathering efforts with substantive investigative activities to the benefit of both processes. Undercover operations under way have been extremely successful in terms of the quality of evidence gathered for prosecutions. The successes are expected to continue. The exchange of personnel between the FBI and Italian National Police agencies, which began in January 1987, will continue to enhance valuable investigative, liaison and coordination functions. Joint investigations concerning Sicilian Mafia and La Camorra drug trafficking are under way between the FBI and the Italian National Police, the Guardia di Finanza, and the Arma di Carabinieri. The effort to address La Casa Nostra/Sicilian Mafia drug trafficking organizations has only just begun. Quality investigations targeting the highest levels of trafficking must continue in order to penetrate the Sicilian Mafia, the La Camorra, and the N'Drangheta.*



*The FBI works at the New Intelligence Center has been expanded by the assignment of an FBI Headquarters Special Agent Supervisor, two Intelligence Analysts, and two Communications Specialists. In addition to personnel, the FBI has committed \$6.2 million to computer enhancements, the upgrade of the FBI's telecommunications network, and the installation of a regional video phone laboratory at the facility.*

## Mexican

### Drug Traffickers

*Since the National Drug Strategy began, there has been a steady rise in both the quantity and quality of drug investigations addressing Mexican trafficking organizations.*



*Approximately 33% of all illicit drugs entering the United States are either produced in or transshipped through Mexico.*

The steady influx of Mexican brown and "black tar" heroin, great quantities of marijuana, and South American cocaine transshipped through Mexico continues to pose a formidable challenge to the FBI and the drug law enforcement community. To address this drug problem, the FBI

has designated the investigation of Mexican drug trafficking organizations as a high priority subprogram within the FBI Drug Program.

- An estimated 41 percent of the heroin that enters the United States is produced in Mexico.

- Opium available for processing into heroin in Mexico has risen from an estimated 17 tons in 1983 to 50 tons in 1987. One ton of raw opium is equal to approximately 100 kilograms of heroin.
- The Mexican states of Sinaloa, Chihuahua, and Durango are the primary growing areas for opium. Chihuahua borders the United States along the El Paso and San Antonio FBI field office territories.
- Mexico is one of the world's leading producers of marijuana, exporting an estimated 4,000 tons of marijuana to the United States in 1987.
- Analysis of intelligence data confirms that approximately one-third of the cocaine which enters the United States is now transshipped through Mexico.

In recent years, it has been determined that one-third of all illicit drugs entering the United States is either produced in or transshipped through Mexico. The emergence of "black tar" heroin, a crudely processed, inexpensive, and most potent poppy derivative, has contributed to declining heroin prices nationwide and a concomitant increase in the abuse of the drug. "Black tar" heroin has been identified in at least 27 states, an increase of 23 states in only four years. Street sample purities have been detected as high as 93 percent and samples in the 60-70 percent range are quite common. Meanwhile, Mexican brown heroin averages between 6-7 percent purity. The high purity levels of "black tar" heroin have correspondingly led to a dramatic increase in hospital heroin-

related emergencies and deaths by overdose. At the same time, the relatively low cost of the drug has opened up new illicit markets reaching into lower and middle income communities in the United States. It is estimated that over two metric tons, one-third of the heroin which entered this country during 1984, was produced in Mexico. Although not a producer of cocaine, it is estimated that in 1986, upwards of 30 metric tons of cocaine destined for the United States transited Mexico.

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one-third of all illicit drugs which enter the United States is either produced or transshipped through Mexico.

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Significantly, it has been confirmed through FBI investigations that Mexican and Colombian drug traffickers have "linked up" to facilitate the importation of cocaine into the United States.

With the implementation of the FBI's National Drug Strategy and the resulting high priority placed on Mexican drug trafficking organizations, an effective strategy was developed to address the significant threat posed by these organizations.

- The first priority was to expand and enhance our intelligence base with regard to Mexican drug organizations.
- The objective of increasing the intelligence base is to

provide the FBI with the opportunity to identify and penetrate the leadership, structure, operations, associations, and financial aspects of major Mexican drug trafficking groups operating in the United States.

- Analysis of accumulated intelligence revealed that major Mexican drug trafficking organizations deal in the distribution of heroin, cocaine, and marijuana.

The quality of intelligence produced, collected, and analyzed by the FBI continues to improve.

The use of Racketeering Enterprise Investigations and the continued development of informants has enabled the FBI to commence long-term, sustained and systematic investigations, the type of which have already proven successful against the La Cosa Nostra/Sicilian Mafia. The continued efforts in this area will include the extensive use of sophisticated court-authorized electronic surveillance techniques and short- and long-term undercover operations.

- Successful Racketeering Enterprise Investigations are currently in progress in key offices in the Midwest, Southwest and West.

The following case highlights the FBI's successes achieved thus far in aggressively pursuing major Mexican drug trafficking organizations through the implementation of our National Drug Strategy.

- In March 1983, the Chicago Office of the FBI initiated a four-year investigation



*Mexican brown heroin is the primary heroin problem in Chicago.*

demonstrating the extent to which a major Mexican drug trafficking organization had established a sophisticated network for distributing brown heroin in the United States. This case utilized 14 court-authorized electronic surveillances for a nine-month period ending in July 1985. Over 100 drug indictments have been obtained and, thus far, 75 felony convictions have been recorded with jail sentences ranging up to 30 years. Personal property, automobiles, and jewelry valued at over \$500,000 have been forfeited to the United States Government. In

accordance with our National Drug Strategy, our Chicago Office continues to address this major Mexican drug trafficking organization through a series of related investigations.

#### **Outlook**

*Initial intelligence gathering and quality investigations have enabled the FBI to identify 96 major Mexican drug trafficking organizations in the United States. We expect to build on these early successes through continued use of Racketeering Enterprise Investigations, the development and maintenance of*

*quality informants, and current ongoing cases to refine our investigative focus and approach with respect to Mexican drug cartels operating domestically.*

*Although the Mexican Drug Trafficking Subprogram has been in place only a short time, the program continues to gain momentum and the FBI expects to obtain indictments and substantial seizures of assets of key members of major Mexican drug trafficking organizations in the near future. These accomplishments will be the result of long-term, sustained investigations currently being conducted by the FBI.*



## Seizure

The FBI seized this 1987 Peugeot 204 sedan for delivery and sale to a buyer from a second regional office. The car was purchased by a buyer in the Midwest and was later sold in Europe. The car was subsequently sold to the government for \$2.5 million. The proceeds will be used to fund a program of law enforcement training.

*The FBI has a shared responsibility to respond to drug problems in areas or regions that may not necessarily relate to national conspiracies.*



*This 18K yellow-gold, custom-designed hourglass pendant, appraised at over \$22,000, was seized from a major regional heroin trafficking organization on the west coast of the United States. The hourglass pendant is currently on display at the FBI Headquarters Tour, Washington, D.C.*

Consistent with our National Drug Strategy, the FBI remains flexible in providing assistance to other Federal, state and local law enforcement agencies relating to investigations of major drug trafficking organizations operating in a local or regional area of the country.

Major regional drug trafficking organizations must be:

- Highly organized
- Multijurisdictional in operational scope
- Possessing national significance and influence



Several significant investigations portray the FBI's commitment in addressing these drug trafficking organizations:

- FBI New York has been leading a task force of New York City Police detectives and DEA Special Agents investigating a significant heroin network in the metropolitan New York area exemplifying the utilization and coordination of Federal and local resources to attack a local manifestation of a larger national and international drug problem. Numerous successes have been achieved, thus far, in terms of intelligence, arrests, convictions and seizures. Specifically, over 60 key operatives have been arrested and are awaiting trial and almost \$5 million worth of heroin and over \$50,000 in cash have been seized.
- The FBI's Washington Field Office, in May 1987, concluded a joint two-year investigation with the Washington, D.C. Metropolitan Police Department addressing a major heroin trafficking organization. This case involved the use of extensive court-authorized electronic surveillance and selected undercover drug purchases. This investigation resulted in the conviction in May 1987, of the leader of this organization and six of his confederates.
- The Knoxville Office of the FBI, within the past year, concluded an undercover operation which addressed Eastern Tennessee's judicial and law enforcement officers'

involvement in bribery to allow illicit drug trafficking. Two cases highlight the successes achieved during the undercover operation:

- In June 1986, a Scott County, Tennessee, sheriff and his chief deputy were convicted on multiple counts of drug violations. The sheriff was sentenced to 15 years in jail and his chief deputy to 10 years.
- In July 1986, a Harrison, Tennessee, City Judge was convicted of drug violations and was sentenced to 10 years in jail and fined \$100,000.
- In December 1986, the Little Rock, Arkansas, Office of the FBI concluded a four-year Organized Crime Drug Enforcement Task Force investigation involving the cocaine trafficking activities of a prominent Little Rock businessman who operated several banking investment firms and brokerages in Arkansas and Florida. The investigation revealed that this businessman was the main supplier of cocaine to the investment banking and bond community in the Little Rock area, which has the largest bond community in the United States outside of New York City. This task force investigation resulted in the conviction of this businessman and 24 codefendants to jail sentences ranging from 4 months to 10 years, as well as the seizure of cocaine, marijuana, an automobile, an airplane and \$77,000.



## Seizure

Members of a major drug-trafficking organization recently made a last payment to the Gulf Stream 350C, a twin-engine aircraft with several hundred thousand dollars' worth of private jets. The airplane, valued at over \$2 million, was seized by the FBI in a port of a large investigation of this drug-trafficking group.

## Asian Drug Traffickers

*Asian drug trafficking is an emerging crime problem in the United States requiring intensive investigative attention.*



*The FBI has identified San Francisco as one of five major field offices having significant Asian drug trafficking groups within its area of responsibility.*

The FBI has identified the following Oriental drug groups for priority attention:

- Ghost Shadows
- On Leon Tong
- United Bamboo
- Tung Tong
- Yakuza

The FBI has identified five field offices as having major Asian

drug trafficking groups within their areas of responsibility:

- Boston
- New York
- Los Angeles
- San Francisco
- Washington, D.C.

The following are reflective of the accomplishments obtained in this subprogram:

- The Los Angeles FBI Office participated in an Organized Crime Drug Enforcement Task Force investigation involving a major Asian drug trafficking group involved in the importation and distribution of over 30 pounds of Asian heroin with a street value of \$60 million on the west coast of the United States. This case culminated in February 1987 when guilty verdicts were returned in California Federal court against six defendants who received prison sentences ranging from three to eighteen years.
- The FBI recently concluded a two-year undercover investigation directed at an international Chinese heroin importation network which obtained its heroin directly from Hong Kong. This drug cartel had worldwide distribution routes radiating out to the United States, Japan, Taiwan, Korea, Australia and Europe. Within the United States, this group supplied New York City, Philadelphia, San Francisco and Washington, D.C. In April 1988, this long-term, complex investigation culminated with simultaneous arrests in Hong Kong and the United States. Eleven subjects were arrested in Hong Kong and 88 pounds of heroin were seized. In the United States five subjects were arrested in Newark, New Jersey, and 22 pounds of heroin

were seized; two subjects were arrested in San Francisco, and 4 1/2 pounds of heroin were seized; and one subject was arrested in Washington, D.C.

#### Outlook

*The FBI continues to place emphasis on emerging Asian drug trafficking organizations in order to fully meet the broad spectrum of our responsibilities as outlined in our National Drug Strategy. The FBI recognizes the need to raise our level of understanding of this criminal element. Continued expansion of our intelligence and sharing of information remain high priorities. Currently, the FBI has several major investigations in progress addressing the highest levels of Asian drug groups through the use of sophisticated undercover and electronic surveillance techniques. We are vigorously pursuing multistate cases to effectively address this emerging crime problem.*

## Major National Outlaw Motorcycle Gangs

*The law enforcement community has observed Outlaw Motorcycle Gangs grow from loosely organized groups throughout the 1950's and 1960's into well-organized, highly sophisticated criminal enterprises involved in national and international criminal activities.*



The FBI has identified and concentrated its Outlaw Motorcycle Gang investigative efforts against what has come to be known as the "Big Four":

- Hells Angels Motorcycle Gang
- Outlaws Motorcycle Gang
- Bandidos Motorcycle Gang
- Pagans Motorcycle Gang

The "Big Four" Outlaw Motorcycle Gangs engage in large-scale trafficking of the following drugs:

- Methamphetamine
- Cocaine
- PCP
- Marijuana
- Hashish



The light-colored, irregular, bone-like object and  
 distinctive shape of the object in the background of the  
 film "Antony and Cleopatra" are clearly visible in  
 the background of the film.



### Hells Angels Motorcycle Gang

*There are currently 63 chapters worldwide, including 35 chapters composed of over 1,500 members within the United States alone.*

- Hells Angels' drug trafficking has expanded from local distribution of LSD within the San Francisco, California, area in the mid-1960's to large-scale trafficking in cocaine, marijuana, PCP, and methamphetamine. By the early 1970's, the Hells Angels began to concentrate heavily on the clandestine manufacture of methamphetamine on the west coast. A further analysis of accumulated intelligence on the Hells Angels by the FBI and other law enforcement agencies revealed that they exert significant control on the production and distribution of methamphetamine on the west coast and in California, in particular.

### The Outlaws Motorcycle Gang

*The Outlaws Motorcycle Gang, with membership ranging between 300-500 individuals, currently has approximately 34 chapters throughout the United States and Canada. Additional chapters are active throughout Australia with loose-knit connections to the Outlaws Motorcycle Gang in the United States.*

- The Outlaws have traditionally been involved in the manufacture of a variety of drugs including "blue valium," manufactured in clandestine

laboratories in Canada. These drugs are transported into the United States through Chicago and thereafter distributed throughout the Outlaws chapters.

- The Outlaws engage in heavy cocaine trafficking through their Florida chapters, which are suspected of having connections to Colombian and Cuban cocaine suppliers.

### The Bandidos Motorcycle Gang

*The Bandidos Motorcycle Gang currently has approximately 800 - 900 members in 28 active chapters throughout the United States. They are primarily concentrated in Texas and are active through the central United States to the Pacific northwest. Additionally, at least one other chapter has been established in Australia since 1983.*

- Bandidos continue to be active in the clandestine manufacturing, distribution and sale of methamphetamine.

### Pagans Motorcycle Gang

*The Pagans considered the fourth most influential of the "Big Four" Outlaw Motorcycle Gangs within the United States. The Pagans continue to grow and have approximately 30 chapters within the northeastern region of the United States with an estimated membership of 900 members.*

- The Pagans have traditionally been considered to be the primary controlling force in the

manufacture and distribution of methamphetamine and PCP in the northeast region.

- The Pagans also deal in cocaine and marijuana and control a large percentage of PCP clandestine laboratories in these same regions.

### Outlook

*FBI efforts against the "Big Four" Outlaw Motorcycle Gangs have proven to be highly successful. Convictions have been recorded against high-level members and associates.*

*Consistent with the implementation of our National Drug Strategy, the FBI remains committed to the cooperative effort by law enforcement agencies in combating this nationwide criminal problem. Recent successes of the total law enforcement commitment underscore the necessity of combining limited resources to address the Outlaw Motorcycle Gang threat.*



*The FBI Academy is located on the United States Marine Corp Reservation at Quantico, Virginia, approximately 30 miles south of Washington, D.C. Here, the FBI trains its Agents and law enforcement from across the country in step by step.*



## Training

*Since charged with investigating violations of the Controlled Substances Act, the FBI has instituted an extensive Drug Training Program.*



*New FBI Agents receive intensive drug training as a part of their 13 weeks of instruction at the FBI Academy.*

The FBI's Drug Training Program encompasses five major segments:

- New FBI Special Agents drug training.
- Drug training for onboard FBI Special Agents, Supervisors, Managers and Executives in the field and at FBI Headquarters.
- State and local police officers receive drug training as part of the FBI's National Academy instruction.
- Regional and local Drug Program seminars and conferences are held at selected FBI field offices and FBI Headquarters addressing specific drug trafficking cases, problems and organizations.
- The FBI provides extensive training through presentations on legal, financial, seizure

and forfeiture and operational seminars for Federal, state and local law enforcement personnel participating in the Organized Crime Drug Enforcement Task Force conferences.

### Outlook

*The FBI Drug Section is continuing to provide all levels of FBI personnel with skills and expertise needed to identify, analyze, and investigate major organized drug trafficking organizations identified as priority groups in our National Drug Strategy. As evidenced by the tremendous strides made in the development of drug trafficking cases, the training afforded FBI personnel has been extremely beneficial and will continue as the cornerstone of a successful FBI Drug Program.*

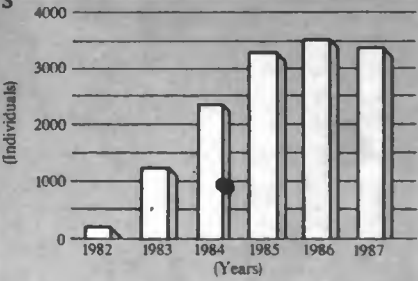
# Statistical Achievements

Fiscal Years 1982 - 1987

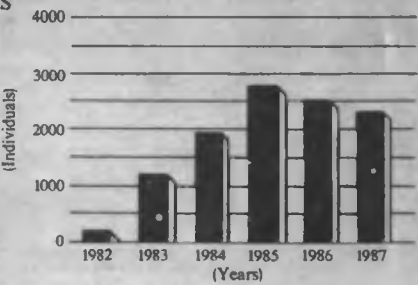
*In the six years since the FBI was given concurrent jurisdiction to investigate drug offenses, it has developed into a capable, effective, and respected participant in the battle against drug trafficking.*

*Convictions of key operatives in major drug trafficking organizations on drug-related offenses has risen from 43 in 1982, to over 2,800 in 1987.*

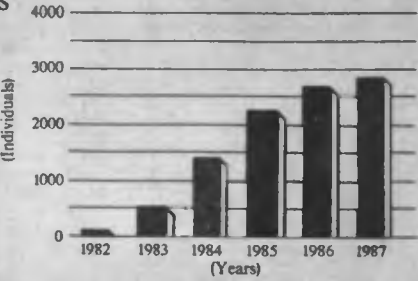
## INDICTMENTS



## ARRESTS



## CONVICTIONS









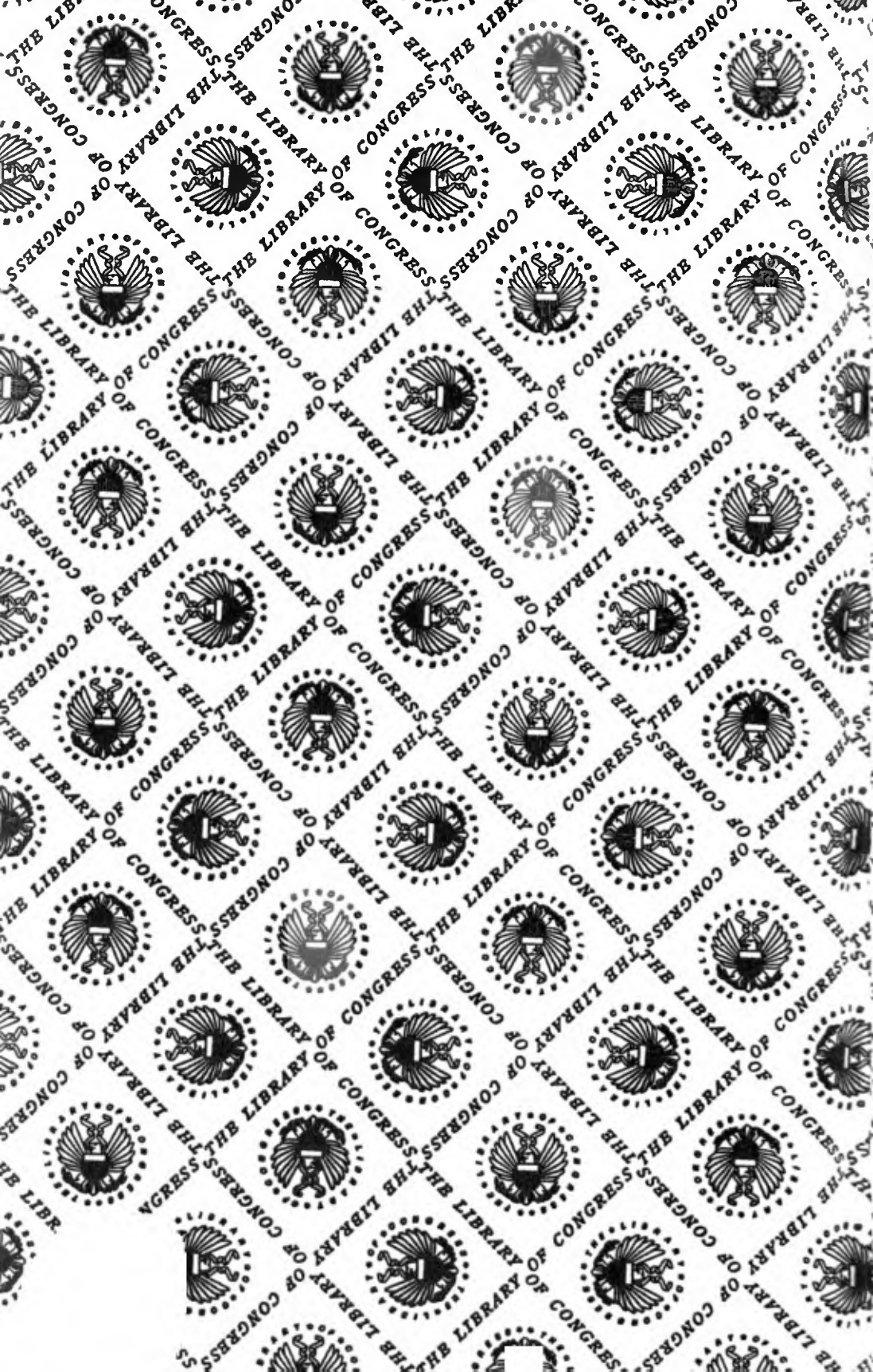


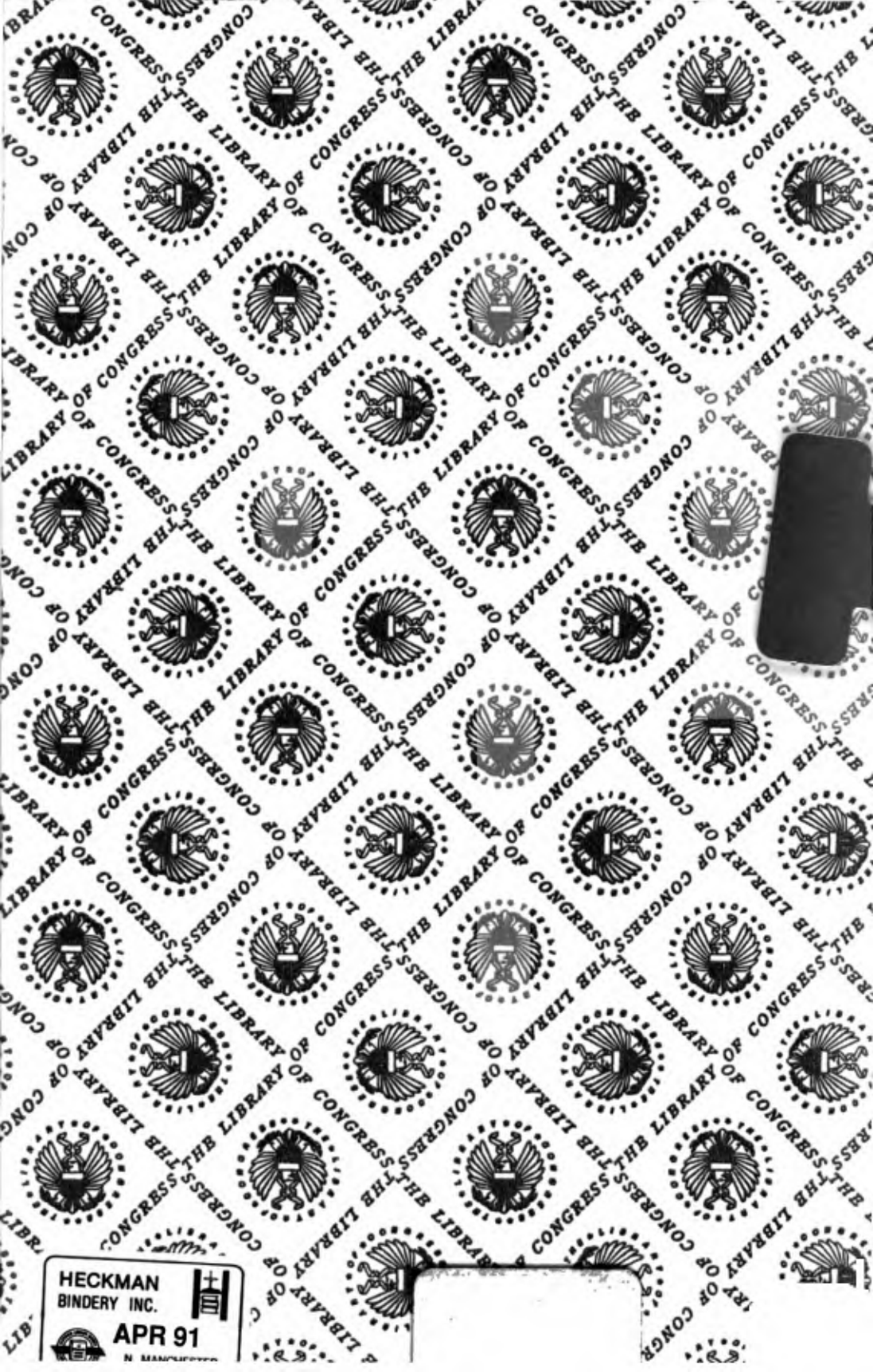














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BINDERY INC.

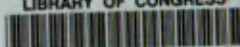


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